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Attorneys for Plaintiff
LUIS CASTILLO

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

LUIS CASTILLO, as an individual and
on behalf of all others similarly situated,

Plaintiff,

vs.

DSD CONTAINER FREIGHT STATION,
INC., a California corporation; and DOES 1
through 100, inclusive,

Defendants.

Case No.: 23STCV16677

*[Assigned for all purposes to the Hon. Elihu
M. Berle, Dept. SSC-6]*

**DECLARATION OF SCOTT M.
LIDMAN IN SUPPORT OF MOTION
FOR SETTLEMENT APPROVAL OF
CLAIMS BROUGHT UNDER THE
PRIVATE ATTORNEYS GENERAL
ACT AND REASONABLE
ATTORNEYS' FEES, COSTS, AND
ENHANCEMENT AWARD Vol. I**

Date: February 13, 2026
Time: 11:00 a.m.
Dept.: SSC-6

1 I, SCOTT M. LIDMAN, declare as follows:

2 1. I am a shareholder and principal of the law firm Lidman Law, APC, and counsel
3 for the named Plaintiff Luis Castillo (“Plaintiff”) and the proposed Aggrieved Employees in the
4 above-captioned matter. I am a member in good standing of the bar of the State of California and
5 am admitted to practice in this Court. I have personal knowledge of the facts stated in this
6 declaration and could testify competently to them if called upon to do so.

7 2. I am a 1998 graduate of Santa Clara University School of Law, where I graduated
8 *summa cum laude*. During law school, I worked as a summer associate for the international
9 employment law firm of Littler Mendelson, P.C., located in Los Angeles, California.

10 3. Since graduating from law school, my practice has focused exclusively on
11 employment litigation. In September 1998, I began working as an associate attorney at the
12 international law firm of Littler Mendelson P.C., at its Los Angeles office, which according to its
13 website is the largest law firm in the world exclusively devoted to representing management in
14 employment, employee benefits and labor law matters.

15 4. In 2000, I left Littler Mendelson to work at the Los Angeles office of Jones Day,
16 which was at the time one of the largest international firms in the world. During my employment
17 at Jones Day, I worked exclusively in the labor and employment department. In or around 2003,
18 I went to work at the law firm of Loeb & Loeb, again working exclusively in the Labor &
19 Employment department. In 2008, I returned to Littler Mendelson, was promoted to Shareholder
20 in 2009, and from 2008 until the end of 2017, I practiced exclusively labor and employment law,
21 with a strong emphasis and most of my time working on wage and hour class actions venued in
22 both state and federal courts. During that time and my legal career in general, I also worked on a
23 number of single and multi-plaintiff wage and hour matters as well.

24 5. During my employment at Littler Mendelson, I played a significant role in the
25 class actions that I was staffed on, and ran many on my own both as an Of Counsel and as a
26 Shareholder. In particular, I received a wide-array of wage and hour class action experience
27 performing the following types of tasks: drafting demurrers, motions to strike and/or dismiss;
28 removing actions from state court to federal court; drafting and responding to written discovery;

1 drafting and opposing discovery related motions; arguing discovery related motions; drafting
2 motions to consolidate related matters; interviewing putative class members and obtaining
3 declarations in connection with class certification; drafting oppositions to motions for class
4 certification; drafting motions for decertification following class certification; conducting
5 exposure analyses to assess the strengths and weaknesses of asserted claims, the likelihood of
6 prevailing at class certification and potential damages resulting from such claims; drafting
7 mediation briefs; serving as the primary contact to in-house counsel; deposing named plaintiffs
8 and putative class members; deposing retained expert witnesses; and defending the depositions
9 of corporate witnesses. I also was involved in the negotiations and settlements of many large
10 wage and hour class actions. In short, I played an integral role in all aspects of litigation from the
11 inception of a matter through and beyond class certification. I also supervised the work of several
12 junior attorneys who were staffed on the same wage and hour class actions.

13 6. Although not exhaustive, below is a list of many of the wage and hour class and
14 PAGA actions that I performed substantial work on while I was a shareholder at Littler
15 Mendelson:

- 16 ► *Ortega v. J.B. Hunt Transport, Inc.*, Case No. 07-cv-8336-RGK-AFMx,
17 United States District Court, Central District of California, Honorable Gary
18 Klausner, presiding¹.
- 19 ► *Aceves v. J.B. Hunt Transport, Inc.*, Case No. CIVDS1306133, California
20 Superior Court, County of San Bernardino, Honorable Michael Sachs,
21 presiding.
- 22 ► *Moreno v. J.B. Hunt Transport, Inc.*, Case No. BC388612, California
23 Superior Court, County of Los Angeles, Honorable Mel Red Recana,
24 presiding.

25
26
27 ¹ My work on this matter including proceedings not only in District Court, but also work before the United States
28 Court of Appeals for the Ninth Circuit as well as the United States Supreme Court.

- 1 ▶ *Newcomb v. J.B. Hunt Transport, Inc.*, Case No. RG16815734, California
2 Superior Court, County of Alameda, Honorable Winifred Smith, presiding.
- 3 ▶ *Vaquero v. Stoneledge Furniture, LLC, et al.*, Case No. 12-cv-08590-PA-
4 MAN, United States District Court, Central District of California,
5 Honorable Percy Anderson, presiding.
- 6 ▶ *Vaquero v. Stoneledge Furniture, LLC, et al.*, Case No. BC388612,
7 California Superior Court, County of Los Angeles, Honorable Elihu Berle,
8 presiding.²
- 9 ▶ *Dugan v. Stoneledge Furniture, LLC*, Case No. 16-cv-01125-PA-FFMx,
10 United States District Court, Central District of California, Honorable Percy
11 Anderson, presiding.
- 12 ▶ *Klune v. Stoneledge Furniture, LLC*, Case No. 14-cv-03986-PA-FFMx,
13 United States District Court, Central District of California, Honorable Percy
14 Anderson, presiding.
- 15 ▶ *Diaz v. ABM Industries, Inc.; Ampco Parking*, Case No. BC362932,
16 California Superior Court, County of Los Angeles, Honorable Jane
17 Johnson, presiding.³
- 18 ▶ *Adams v. Luxottica Retail North America, Inc.*, Case No. 07CC01346,
19 California Superior Court, County of Orange, Honorable Thierry Patrick
20 Colaw, presiding.
- 21 ▶ *Sakkab v. Luxottica Retail North America, Inc.*, Case No. 12-cv-00436-
22 GPC-KSC, United States District Court, Southern District of California.⁴
- 23
24

25
26 ² My work on this matter included proceedings not only in the trial court, but also before the California Courts of
27 Appeal and the California Supreme Court.

28 ³ This matter was consolidated and litigated collectively with Case Nos. BC380923, BC 381523 and BC 406663.

⁴ The work I performed on this case included work in the United States Court of Appeals for the Ninth Circuit.

- 1 ▶ *Page v. Oakley, Inc.*, Case No. FCS041512, California Superior Court,
2 County of Solano, Honorable Paul Berman, presiding.
- 3 ▶ *Ramirez v. Oakley, Inc.*, Case No. 30-2014-00731617-CU-OE-CJC
4 California Superior Court, County of Orange, Honorable William Claster,
5 presiding.
- 6 ▶ *Ramirez v. Oakley, Inc.*, Case No. 30-2014-00723846-CU-DE-CXC,
7 California Superior Court, County of Orange, Honorable William Claster,
8 presiding.
- 9 ▶ *Sierra v. Oakley, Inc.*, Case No. 13-cv-00319-AG-JPR, United States
10 District Court, Central District of California, Honorable Andrew Guilford,
11 presiding.⁵
- 12 ▶ *Cordova v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
13 United States District Court, Central District of California, Honorable
14 Margaret Morrow, presiding.
- 15 ▶ *Cordova v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
16 United States District Court, Central District of California, Honorable
17 Margaret Morrow, presiding.
- 18 ▶ *Khelghatian v. Comerica Bank, et al.*, Case No. 11-cv-7689-DSF-FFMx,
19 United States District Court, Southern District of California, Honorable
20 John A. Houston, presiding.
- 21 ▶ *Babasa v. Comerica Bank, et al.*, Case No. 11-cv-0595-JAH-BGS, United
22 States District Court, Central District of California, Honorable Margaret
23 Morrow, presiding.
- 24 ▶ *Bernal v. Comerica Bank, et al.*, Case No. 11-cv-01298-JAH-BGS, United
25 States District Court, Central District of California, Honorable Margaret
26 Morrow, presiding.

⁵ The work I performed on this case included work in the United States Court of Appeals for the Ninth Circuit.

- 1 ▶ *Khalili v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
2 United States District Court, Northern District of California.
- 3 ▶ *Granata v. Comerica Bank, et al.*, Case No. 37-2011-00086316-CU-OE-
4 CTL, California Superior Court, County of San Diego, Honorable Jeffrey
5 B. Barton, presiding.
- 6 ▶ *Mathews v. Comerica Bank, et al.*, Case No. 111CV194781, California
7 Superior Court, County of Santa Clara.
- 8 ▶ *Gallegos v. Comerica Bank, et al.*, Case No. BC455515, California
9 Superior Court, County of Los Angeles, Honorable Terry Green, presiding.
- 10 ▶ *Rumohr v. Comerica Bank, et al.*, Case No. CGC-11-508433, California
11 Superior Court, County of San Francisco.
- 12 ▶ *Smith v. Werner Enterprises*, Case No. 15-cv-02978-RS, United States
13 District Court, Northern District of California, Honorable Richard
14 Seeborg, presiding.

15 7. In January 2018, I voluntarily resigned from Littler Mendelson in order to open
16 my own law firm, Lidman Law, APC, to represent employees with work-related claims, including
17 primarily wage and hour claims and almost exclusively on a class-action basis. I am the President
18 and Shareholder of Lidman Law. Currently, over ninety percent (90%) of my practice is
19 dedicated exclusively to the prosecution of wage and hour class actions, and I am currently
20 responsible for prosecuting over sixty-five (65) wage and hour class actions filed in State courts
21 throughout California, with several of them having been removed to Federal courts. I believe that
22 my professional experience renders me more than qualified to serve as class counsel in this
23 lawsuit involving claims of underpaid overtime and minimum wages, meal and rest period
24 violations, and derivative penalty claims. Not only have I litigated dozens of wage and hour cases
25 throughout my career involving similar claims, including the wage and hour class actions
26 identified above, I have litigated similar claims from both plaintiff and defense perspectives. As
27 a result, I am able to realistically assess and evaluate the facts and legal arguments that can be
28 made in pursuit and defense of similar wage and hour claims, as well as those facts and arguments

1 in support and in opposition to class certification. Consequently, I am able to appreciate the
2 significant risks, uncertainties, and delay involved in wage and hour class action litigation.

3 8. I have been appointed Class Counsel in: *Guardado v. Wesley Allen, Inc.*, Case
4 No. BC683027, California Superior Court, County of Los Angeles, Honorable Judge Carolyn B.
5 Kuhl presiding; *Rodriguez v. Satco, Inc.*, Case No. BC682137, California Superior Court,
6 County of Los Angeles, Honorable Judge Ann I. Jones presiding; *Ong v. Howard's Appliances,*
7 *Inc.*, Case No. 30-2017-00964213-CU-OE-CXC, California Superior Court, County of Orange,
8 Honorable Judge William Claster presiding; *Hanke v. C&W Facility Services, Inc.*, Case No.
9 CIVDS1814412, California Superior Court, County of San Bernardino, Honorable Judge David
10 Cohn presiding; *Molina v. Mader News, Inc.*, Case No. BC685960, California Superior Court,
11 County of Los Angeles, Honorable Judge Yvette M. Palazuelos presiding; *Alvarez v.*
12 *Salamander Fire Protection, Inc.*, Case No. BC688326, California Superior Court, County of
13 Los Angeles, Honorable Judge William F. Highberger presiding; *Rodriguez v. H.F. Cox, Inc.*,
14 Case No. BC653164, California Superior Court, County of Los Angeles, Honorable Judge
15 Carolyn B. Kuhl presiding; *Fregoso v. Amerigas Propane, Inc.*, Case No. BC697973, California
16 Superior Court, County of Los Angeles, Honorable Judge Rafael A. Ongkeko presiding; *Teran*
17 *v. Western Plastics, Inc.*, Case No. RIC1722619, California Superior Court, County of Riverside,
18 Honorable Judge Sunshine Sykes presiding; *Villegas de Torres v. El Monte Superstore Inc.*,
19 Case No. BC688477, California Superior Court, County of Los Angeles, Honorable Judge
20 Daniel J. Buckley presiding; *Huynh v. Polypeptide Laboratories, Inc.*, Case No. BC680872,
21 California Superior Court, County of Los Angeles, Honorable Judge Rafael A. Ongkeko
22 presiding; *Guzman v. Century Blinds*, Case No. RIC1723654, California Superior Court, County
23 of Riverside, Honorable Judge Sunshine S. Sykes presiding; *George v. Convergence Marketing,*
24 Case No. CIVDS1901039, California Superior Court, County of San Bernardino, Honorable
25 Judge David S. Cohn presiding; *Coffee, et al. v. Flyers Transportation Energy, LLC*, Case No.
26 34-2017-00222084, California Superior Court, County of Sacramento, Honorable Judge Alan G.
27 Perkins presiding; *Romero v. Fillmore Hospitality, LLC*, Case No. BC705667, California
28 Superior Court, County of Los Angeles, Honorable Judge Maren E. Nelson presiding;

1 *Wennerstrom, et al. v. Giant Inland Empire R.V. Center*, Case No. CIVDS1617291, California
2 Superior Court, County of San Bernardino, Honorable Judge David S. Cohn presiding;
3 *Contreras, et al. v. Letter Ride, LLC*, Case No. 37-2018-00020841-CU-OE-CTL, California
4 Superior Court, County of San Diego, Honorable Judge Eddie C. Sturgeon presiding; *Davis v.*
5 *WeDriveU*, Case No. 18CV322578, California Superior Court, County of Santa Clara,
6 Honorable Judge Brian C. Walsh presiding; *Acuna v. Canton Food Co., Inc.*, Case No.
7 BC685001, California Superior Court, County of Los Angeles, Honorable Judge David S.
8 Cunningham presiding; and *Contreras v. Worldwide Flight Services, Inc.*, Case No. 2:18-cv-
9 06036-PSG-SS, United States District Court for the Central District of California, the Honorable
10 Judge Philip S. Gutierrez presiding.

11 9. As co-lead counsel for Plaintiff, I have been intimately involved in every aspect
12 of this case from its inception through the present, and I believe that the proposed Settlement is
13 a reasonable result for the Aggrieved Employees.

14 10. Defendant DSD Container Freight Station, Inc. is in the business of providing
15 freight forwarding services.

16 11. On July 17, 2023, Plaintiff filed a class action Complaint against Defendant
17 asserting claims for (1) failure to pay all overtime wages owed; (2) minimum wage violations,
18 (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to
19 provide accurate, itemized wage statements; (6) failure to reimburse all necessary business
20 expenditures; and (7) unfair competition.

21 12. On July 20, 2023, Plaintiff sent a written notice pursuant to Labor Code section
22 2698 *et seq.* to the Labor Workforce Development Agency (“LWDA”) and Defendant asserting
23 claims for civil penalties pursuant to the California Labor Code Private Attorney General Act,
24 Labor Code section 2698, *et seq.* (“PAGA) stemming from Defendant’s failure to pay all
25 overtime wages, failure to pay minimum wage for all hours worked, failure to provide meal and
26 rest periods, failure to furnish accurate and compliant itemized wage statements, failure to
27 reimburse business expenses, and failure to maintain accurate records for all hourly, non-exempt
28 employees. A true and correct copy of the LWDA letter is attached hereto as **Exhibit 1**.

1 13. On September 25, 2023, Plaintiff filed a First Amended Complaint, adding a
2 claim for civil penalties pursuant to California Labor Code Private Attorney General Act, Labor
3 Code section 2698, *et seq.* (“PAGA”) stemming from Defendant’s alleged violations of the
4 California Labor Code set forth in the Complaint and LWDA notice.

5 14. On October 20, 2023, Plaintiff served written discovery requests, Special
6 Interrogatories and Requests for Production of Documents, onto Defendant. Defendant provided
7 verified responses and responsive documents on December 6, 2023.

8 15. On November 27, 2023, Defendant filed a motion for summary
9 judgment/adjudication. The Court granted summary judgment on all claims except for the eighth
10 cause of action for non-individual PAGA penalties. Thus, the only remaining claim in this action
11 is the PAGA representative claim.

12 16. After engaging in formal discovery and agreeing to participate in a private
13 mediation, Defendant informally produced to Plaintiff information and documents pertaining to
14 Plaintiff and other Aggrieved Employees, including time records and payroll data for 25 percent
15 of the Aggrieved Employees. After the detailed review of the information produced by
16 Defendant, Plaintiff’s Counsel drew on their extensive experience in similar cases to assess the
17 strengths and weaknesses of Plaintiff’s case. This discovery allowed the parties to assess the
18 merits and value of Plaintiff’s claims and determine if a settlement could be reached.

19 17. On December 20, 2024, the Parties participated in mediation with Judge Zaven
20 Sinanian, a retired Los Angeles Superior Court judge and wage and hour class and representative
21 action mediator. During mediation, the Parties vigorously debated their opposing legal positions
22 and the likelihood of Plaintiff’s ability to proceed on a representative basis and ultimately obtain
23 a judgment in his favor. Ultimately, the Parties reached a settlement, the terms of which were
24 subsequently finalized in writing after mediation. A true and correct copy of the PAGA
25 Settlement Agreement is attached hereto as **Exhibit 2** (and the redline of the LA Model PAGA
26 Agreement that led to the executed settlement is attached hereto as **Exhibit 3**). The Proposed
27 Notice of PAGA Settlement and Release of Claims is attached as Exhibit B to the Settlement.

28 //

18. The monetary terms of the Settlement are summarized below:

Gross Settlement Amount (“GSA”):	\$69,432.00
Minus Court-approved attorneys’ fees (1/3 of the GSA):	\$21,144.00
Minus Court-approved attorneys’ costs:	\$13,565.47
Minus Court-approved Enhancement Award:	\$3,500.00
Minus Settlement Administration Costs:	\$2,750.00
Net Settlement Amount (“NSA”):	\$26,472.53
NSA	\$26,472.53
75% to LWDA	\$19,854.39
25% to Aggrieved Employees	\$6,618.14

19. The payment of the GSA shall be made within 30 calendar days of the “Effective Date” defined as the date upon entry of an Order by the Court approving the Settlement. Within ten (10) business days of the Effective Date, Defendant shall provide the Settlement Administrator with information for Aggrieved Employees in order to calculate and distribute checks to Aggrieved Employees. Within ten (10) business days of receiving the Aggrieved Employees’ information from Defendant, the Settlement Administrator will circulate to counsel for both Parties an anonymized spreadsheet containing the estimated individual settlement payments to each Aggrieved Employee and the data used to calculate such payments. The Settlement Administrator shall also determine whether the Escalator Clause in Section III.3 of the Settlement has been triggered. Within ten (10) business days of receiving the Parties’ approval, the Settlement Administrator shall mail copies of the explanatory letter to all Aggrieved Employees with their checks.

20. The entire NSA shall be designated as PAGA civil penalties. Seventy-five percent (75%) of the NSA will be distributed to the LWDA and twenty-five percent (25%) will be distributed to the Aggrieved Employees pursuant to Labor Code § 2699(i). Based on these distributions, the amount to be paid to the LWDA will be \$19,584.39 and the amount paid to

Aggrieved Employees is estimated to be \$6,618.14. This portion of the NSA shall be paid to all Aggrieved Employees pro rata based on the proportional number of pay periods worked by each Aggrieved Employee during the PAGA Period and **will be reported on an IRS Form 1099**. The average payment to an Aggrieved Employee is estimated to be \$147.06.

21. According to Defendant, there are approximately 45 total Aggrieved Employees defined as:

All current and former hourly, non-exempt employees who worked for Defendant DSD Container Freight Station, Inc. in California at any time from July 20, 2022 through the date the Court grants approval of this settlement.

Defendant estimates that as of the date of mediation, December 20, 2024, there were 789 PAGA Pay Periods during the PAGA Period.

22. Aggrieved Employees' claims arise from Defendant's common, uniform policies and practices that applied to Aggrieved Employees during the class period. Specifically, Plaintiff alleged that Defendant's common and uniform policies and practices resulted in the following violations: (1) failure to pay all overtime compensation earned; (2) failure to pay the statutory minimum wage for all hours worked; (3) failure to provide all legally required meal periods and failing to pay meal period premiums; (4) failure to provide all legally required rest periods and failing to pay rest period premiums; (5) failure to furnish accurate and compliant itemized wage statements; (6) failure reimburse all necessary business expenditures. As a result, Plaintiff alleges Defendant is liable for civil penalties under the PAGA.

23. As described in the accompanying Motion for Settlement Approval, Plaintiff alleges that he and other Aggrieved Employees were not provided all meal periods due to Defendant's meal period policies and practices. Specifically, first meal periods took place after the fifth hour of work when employees worked in excess of 5.0 hours in a day, and employees were not permitted to have a second meal period when working more than 10.0 and/or 12.0 hours in a day. Further, meal periods were often less than 30 minutes in duration. Therefore, based on a 46 percent violation rate, and pursuant to Labor Code section 226.7 and the default penalties set forth in the PAGA, Plaintiff calculated Defendant's exposure at \$68,100.00 ((45 employees

1 x \$100) + (318 x \$200 subsequent violation)).

2 24. Defendant counters that it has always provided non-exempt employees with an
3 opportunity to take legally compliant meal periods, and any non-compliant meal periods
4 reflected in employee timekeeping records were solely the result of employee choice, rather than
5 any policy or practice of Defendant. Defendant points out that under *Brinker Restaurant Corp.*
6 *v. Superior Court* (2012) 53 Cal. 4th 1004, it is only required to “provide” the opportunity to
7 take meal periods, not “ensure” meal periods are taken, and that it has always done so. Further,
8 Defendant argues that it pays meal period premiums for missed meal periods. Defendant also
9 contends that only the initial violation rate would apply since it had never been cited to be in
10 violation of the meal period laws. In light of these defenses and Defendant’s argument that the
11 Court would exercise its discretion to reduce any civil penalty due to its good faith efforts to
12 comply with applicable law, Plaintiff discounted the maximum recovery on this claim by 30%
13 to account for the risk that Defendant could prevail in its defenses, to arrive at a projected total
14 of approximately \$47,670.00.

15 25. Plaintiff alleges that he and other Aggrieved Employees were not authorized and
16 permitted to take all required rest periods due to Defendant’s policies and practices and heavy
17 work demands. Pursuant to Labor Code section 226.7 and the default penalties set forth in the
18 PAGA, and based on 789 pay periods having a shift of at least one shift over 3.5 hours, Plaintiff
19 calculated Defendant’s exposure at \$153,300.00 ((45 employees x \$100) + (744 x \$200
20 subsequent violation)).

21 26. Defendant contends it has always maintained and enforced lawful rest period
22 policies and practices, and that hourly, non-exempt employees were authorized and permitted to
23 take all off-duty rest periods in compliance with California law. Defendant also contends that
24 rest period violations would be difficult to litigate effectively and prove since records were not
25 maintained of rest periods. Lastly, Defendant contends that only the initial violation rate would
26 apply since it had never been cited to be in violation of the rest period laws. In light of these
27 defenses and Defendant’s argument that the Court would exercise its discretion to reduce any
28 civil penalty due to its good faith efforts to comply with applicable law, Plaintiff discounted the

1 maximum recovery on this claim by 60% to account for the risk that Defendant could prevail in
2 its defenses, to arrive at a projected total of approximately \$61,320.00..

3 27. Plaintiff alleges that Defendant issued inaccurate wage statements in violation of
4 Labor Code § 226 as a result of the alleged unpaid meal and rest period premium wages described
5 above. Plaintiff's data analysis reflected that there were approximately 789 wage statements
6 issued during the relevant time period that had at least one meal and/or rest period violation.
7 Accordingly, pursuant to Labor Code section 226 and the default penalties set forth in the PAGA,
8 Plaintiff calculated Defendant's exposure at \$153,300.00 ((45 employees x \$100) + (744
9 subsequent violations x \$200)).

10 28. Defendant argues that its alleged wage statement violations could not be
11 shown to be "knowing and intentional," and that Plaintiff cannot show that he or any other
12 employee "suffer[ed] injury" as a result of the alleged wage statement violations, as required by
13 Lab. Code § 226(e) for imposition of penalties. Defendant contends that only the initial violation
14 rate would apply since it had never been cited to be in violation of the rest period laws. In light
15 of these defenses and Defendant's argument that the Court would exercise its discretion to reduce
16 any civil penalty due to its good faith efforts to comply with applicable law, Plaintiff discounted
17 the maximum recovery on this claim by 40% to account for the risk that Defendant could prevail
18 in its defenses, to arrive at a projected total of approximately \$91,980.00.

19 29. Plaintiff alleges Defendant failed to reimburse non-exempt employees for all
20 necessary business expenses incurred. Specifically, Defendant required Plaintiff and non-exempt
21 employees to use their personal cell phones for work-related purposes but did not reimburse the
22 non-exempt employees for such usage in violation of Labor Code § 2802. Therefore, Plaintiff
23 calculated Defendant's exposes for unreimbursed business expenses at approximately
24 \$153,300.00 ((45 employees x \$100) + (744 subsequent violations x \$200)).

25 30. Defendant contends employees were not required to use their personal electronic
26 devices to communicate with team members and would only do so at their own volition.
27 Defendant further contends that any purportedly necessary expenses incurred by non-exempt
28 employees were minimal. In light of these defenses and Defendant's argument that the Court

1 would exercise its discretion to reduce any civil penalty due to its good faith efforts to comply
2 with applicable law, Plaintiff discounted the maximum recovery on this claim by 65% to account
3 for the risk that Defendant could prevail in its defenses, to arrive at a projected total of
4 approximately \$53,655.00. Plaintiff alleges that as a result of failing to pay all wages and all
5 meal and rest period premium at the end of employment, Defendants are liable for waiting time
6 penalties under Labor Code § 203. There are 268 former employees and as such, Plaintiff
7 calculated Defendants' maximum exposure for waiting time penalties to be approximately
8 \$26,800.

9 31. Plaintiff alleges that Defendant failed to pay all wages at the time of separation of
10 employment. Specifically, as a result of failing to pay all meal and rest period premiums due and
11 owing at the end of employment, Defendant is liable for waiting time. Therefore, Plaintiff
12 calculated Defendant's exposure for waiting time at approximately \$3,100.00 (31 former
13 employees x \$100).

14 32. Defendant contends it has strong defenses to the waiting time claim
15 because there exist good faith disputes as to Plaintiff's underlying claims. In light of these
16 defenses and Defendant's argument that the Court would exercise its discretion to reduce any
17 civil penalty due to its good faith efforts to comply with applicable law, Plaintiff discounted the
18 maximum recovery on this claim by 30% to account for the risk that Defendant could prevail in
19 its defenses, to arrive at a projected total of approximately \$2,170.00

20 33. Using these estimated figures for each of the claims described above, Plaintiff
21 predicted the realistic total recovery for the Settlement Class would be approximately
22 \$256,795.00. The proposed settlement of \$69,432.00 therefore represents approximately 27% of
23 the reasonably forecasted minimum recovery for the PAGA Group. Approval is appropriate as
24 the settlement will provide tangible monetary relief to Settlement Class Members, and will still
25 provide an average recovery to Settlement Class Members of approximately \$147.00.

26 34. My firm requests one-third of the GSA (currently estimated at \$23,144.00) in
27 attorneys' fees, and a total of \$13,565.47 (including costs associated with the instant motion) in
28 actual litigation costs. This fee request is consistent with my firm's experience in similar wage-

and-hour class and PAGA matters. My firm conducted extensive legal research regarding the merits of Plaintiff's claims, Plaintiff's ability to recover penalties under the PAGA, and Defendant's potential defenses. Plaintiff's counsel conducted legal research regarding the merits of Plaintiff's claims, the ability to recover penalties under the PAGA, and Defendant's potential defenses. Plaintiff's counsel spent significant time preparing an opposition to Defendant's motion for summary judgment/adjudication and zealously advocating for Plaintiff's claims at the hearing. Plaintiff's counsel drafted specific discovery requests and reviewed Defendant's responses and responsive documents, as well as spent significant time reviewing and analyzing the data Defendant produced informally prior to mediation and prepared an exposure analysis on the PAGA penalties. Plaintiff's counsel also expended significant additional effort in preparing subsequent settlement documents, this Motion for settlement approval, and supporting declarations, and will oversee the settlement administration process.

35. My experience in matters similar to this one was integral in evaluating the strengths and weaknesses of this case and the reasonableness of the Settlement. Practice in the narrow field of wage and hour and PAGA litigation requires skill and knowledge concerning the rapidly evolving substantive state. This case involved legal issues regarding the propriety of civil PAGA penalties, an unsettled area of law.

36. Plaintiff's Counsel have a lodestar of \$141,670.00 without the use of any multiplier, which is about \$118,526 more than the \$23,144 fee request. The following is a general summary showing the number of hours of work performed by each attorney and paralegal in my firm and co-counsel's firm on this case:

Name	Rate	Hours	Pre-Multiplier Lodestar
Scott M. Lidman (26 th Year Attorney)	\$900	80.3	\$72,270.00
Paul K. Haines (18 th Year Attorney)	\$850	25	\$21,250.00
Milan Moore (9 th Year Attorney)	\$650	43.5	\$28,275.00
Tiara Gose-Hardy (6 th Year Attorney)	\$525	30.2	\$15,855.00
Paralegals	\$200	20.1	\$4,020.00
Total Lodestar			<u>\$141,670.00</u>

37. My proposed hourly rate of \$900, Mr. Haines's proposed hourly rate of \$850, Ms. Moore's proposed hourly rate of \$650, and Ms. Gose-Hardy's proposed hourly rate of \$525 are reasonable in light of our respective skills, wage and hour class action litigation experience, reputation, and fee awards to other attorneys of similar experience in California. Moreover, our requested hourly rates are in line with the *Laffey Matrix*, a true and correct copy of which is attached hereto as **Exhibit 4**.

38. The attorneys' fee award requested is consistent with those routinely awarded by California superior courts. California superior courts frequently grant common fund awards of 33%. *See, e.g., Chavez v. Netflix, Inc.*, 162 Cal. App. 4th 43, 66, fn. 11 (2008); *see also, In re Pacific Enterprises Securities Litig.*, 47 F.3d 373, 379 (9th Cir. 1995) (affirming 33% fee award); *Chavez v. Saticoy Lemon Ass'n*, Case No. 56-2015-00468600-CU-OE-VTA, 2015 WL 5561118 (Ventura Cty. Super. Ct., Aug. 29, 2015) (approving attorneys' fees of one-third of settlement fund in representative PAGA settlement).

39. Indeed, numerous courts have awarded attorneys' fees of up to, or in excess of 40% of the common fund. *Ammari Electronics, et al. v. Pacific Bell Directory*, Alameda County Sup. Ct., Case No. RG05198014 (awarded 43.8%) (2015); *In re California Indirect Purchaser X Ray Film Antitrust Litigation*, San Francisco Sup. Ct. 1998 (citing *Abzug v. Kerkorian*, Los Angeles Sup. Ct., Nov. 19, 1990, Case No. CA-00981 (45%) and *Haitz v. Meyer*, Alameda County Sup. Ct., August 20, 1990, Case No. 5729683 (45%)); *Hall v. Cinema 7, Inc.*, San Francisco Sup. Ct., July 16, 2008, Case No. CGC-01-409105 (53%); and *Rundberg v. Intrawest Napa Dev. Co.*, Napa County Sup. Ct., January 15, 2014, Case No. 26-56886 (40%).

40. Being a private law practice, my firm can only properly litigate a limited number of cases at one time. The professional demands of this case were significant, including a significant number of hours of attorney and paralegal time. This litigation precluded my firm from other employment due to the time and financial commitments required by the case. Indeed, because my firm takes on cases on a purely contingency fee, we are only compensated for our time if we successfully settle a case or prevail at trial. Accordingly, I believe the requested fees are reasonable.

1 41. Since undertaking representation of Plaintiff, my firm has dedicated substantial
2 resources to this litigation, including expending (or will expend) a total of \$13,565.00 (including
3 costs associated with the instant motion) in actual litigation costs, without receiving any
4 compensation to date. A true and correct copy of my firm's costs summary in this matter is
5 attached hereto as **Exhibit 5**. Plaintiff's counsel conducted legal research regarding the merits
6 of Plaintiff's claims, the ability to recover penalties under the PAGA, and Defendant's potential
7 defenses. Plaintiff's Counsel prepared an opposition to Defendant's motion for summary
8 judgment/adjudication and zealously advocated for Plaintiff's claims at the hearing. Plaintiff's
9 Counsel drafted specific discovery requests and reviewed Defendant's responses and responsive
10 documents, as well as spent significant time reviewing and analyzing the data Defendant
11 produced informally prior to mediation and prepared an exposure analysis on the PAGA
12 penalties. Plaintiff's Counsel expended significant additional effort in preparing subsequent
13 settlement documents, this Motion for settlement approval, and supporting declarations, and will
14 oversee the settlement administration process.

15 42. Plaintiff also seeks an enhancement award of \$3,500.00, which is reasonable
16 given Plaintiff's efforts in this case and the risks he undertook on behalf of the Aggrieved
17 Employees. Plaintiff provided substantial factual information to Plaintiff's Counsel, attended
18 meetings with Plaintiff's Counsel, and otherwise assisted in the litigation of this action. Further,
19 Plaintiff put his future employment prospects at risk by becoming a representative, as the fact
20 that he filed a lawsuit "is searchable on the internet and may become known to prospective
21 employers when evaluating" them for employment.

22 //

1 43. At the time of filing Plaintiff's Motion for Settlement Approval of Claims
2 Brought Under the Private Attorneys General Act and Reasonable Attorneys' Fees, Costs, and
3 Enhancement Award, Plaintiff submitted the proposed Settlement to the LWDA pursuant to
4 Labor Code § 2699(1)(2). A true and correct copy of the confirmation is attached hereto as
5 **Exhibit 6.**

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

8 Executed on January 13, 2026 at El Segundo, California.

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12 Scott M. Lidman
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EXHIBIT 1

EXHIBIT 1

LIDMAN LAW

2155 CAMPUS DRIVE, SUITE 150, EL SEGUNDO, CA 90245

OFFICE: (424) 322-4772

FAX: (424) 322-4775

July 20, 2023

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

**VIA U.S. CERTIFIED MAIL – RETURN
RECEIPT REQUESTED**

DSD Container Freight Station, Inc.
c/o Danielle Elise Martinez, Registered Agent
2411 Santa Fe Avenue
Redondo Beach, CA 90278

Re: *Luis Castillo v. DSD Container Freight Station, Inc.*

To Whom It May Concern:

Please be advised that this law firm represents Luis Castillo in claims arising from his employment with DSD Container Freight Station, Inc., a California corporation (“Defendant”). Mr. Castillo is an “aggrieved employee” as defined by Labor Code sections 2699, *et seq.* due to Defendant’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code section 2699.3, which requires aggrieved employees to notify their employer and the Labor and Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated.

For purposes of this letter, an “aggrieved employee” should be considered to include all current and former hourly-paid employees in California who worked, at least in part, during the one year immediately preceding the date of this letter through the date of trial, the date judgment is entered, the date of settlement and/or other date approved by the Court.

Mr. Castillo, a current non-exempt employee, has been employed by Defendant since approximately 2019 through the present. Mr. Castillo has been on a leave of absence since approximately March 17, 2021. Mr. Castillo held the position of Forklift Driver and then in approximately 2020, Mr. Castillo held a security guard position.

Throughout Mr. Castillo’s employment with Defendant, Mr. Castillo was generally scheduled to work Monday through Friday from approximately 2:00 p.m. to approximately 10:30 p.m. However, often times Mr. Castillo would work as early as 9:00 a.m. and/or as late as 12:00 a.m. midnight.

During his employment with Defendant, Defendant would keep track of Mr. Castillo and other hourly, non-exempt employees’ time worked and would unlawfully shave their work time and/or round their work time such that they would not be fully paid for all time worked. This time-shaving and/or

rounding practice utilized by Defendant was not even-handed over time and would almost exclusively round and shave in Defendant's favor such that Mr. Castillo and other hourly, non-exempt employees were routinely unpaid for their time worked. As a result, Defendant failed to pay Mr. Castillo and other hourly, non-exempt employees all required minimum and overtime wages.

Further, throughout Mr. Castillo's employment with Defendant, Mr. Castillo and other hourly, non-exempt employees would regularly work in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, and in excess of 12.0 hours per day. Although Mr. Castillo and other hourly, non-exempt employees regularly worked in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, Mr. Castillo and other hourly, non-exempt employees did not receive legally required overtime compensation for these hours. Specifically, Defendant had a policy and/or practice of paying Mr. Castillo and other hourly, non-exempt employees in cash or a separate check for their overtime wages. Due to Defendant's unlawful compensation practices, Defendant failed to pay proper overtime wages for hours worked in excess of 8.0 hours per workday and/or 40.0 hours per workweek and has therefore deprived Mr. Castillo and other hourly, non-exempt employees of earned overtime wages. Defendant also failed to pay Mr. Castillo and other hourly, non-exempt employees proper double-time wages for hours worked in excess of 12.0 in a day.

During his employment with Defendant, Mr. Castillo and other hourly, non-exempt employees were not provided all legally required meal periods due to Defendant's unlawful meal period policies and practices. Throughout his employment with Defendant, Mr. Castillo and other hourly, non-exempt employees were not provided all required meal periods due to Defendant's meal period policies/practices which fail to provide uninterrupted, duty-free and timely 30-minute meal periods when employees work in excess of 5.0 hours in a day. Specifically, due to their job duties and Defendant's practices of understaffing, Mr. Castillo and other hourly, non-exempt employees were often prevented from taking meal periods that commenced before the end of the 5th hour of work. Defendant's policies and practices also required Mr. Castillo and other hourly, non-exempt employees to carry a radio/walkie talkie and respond at all times during their shifts, including meal breaks, resulting in interrupted and/or short meal breaks. As a result of Defendant's unlawful meal period policies and practices, Mr. Castillo and other hourly, non-exempt employees' meal periods were often late or otherwise unlawful. Additionally, during times when Mr. Castillo and other hourly, non-exempt employees worked in excess of 10.0 hours per shift, Defendant failed to provide them with a second, timely meal period of at least 30 minutes in length.

Although Mr. Castillo and other hourly, non-exempt employees were not provided with all legally-compliant meal periods to which he was entitled, Defendant failed to compensate them with the required meal period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Mr. Castillo and other hourly, non-exempt employees were also not authorized and permitted to take all legally required paid rest periods due to Defendant's unlawful rest period policies and practices. Specifically, Mr. Castillo and other hourly, non-exempt employees worked shifts in excess of 3.5 hours, but was not authorized or permitted to take a ten-minute paid rest period for every four (4) hour period worked, or *major fraction thereof*. As a result of the work demands imposed by Defendant and Defendant's practices of understaffing, Defendant failed to authorize and permit duty-free rest periods for every four hours worked, or *major fraction thereof*.

On those occasions when Mr. Castillo and other hourly, non-exempt employees were not authorized and permitted to take all legally-compliant rest periods to which they were entitled, Defendant failed to compensate Mr. Castillo and other hourly, non-exempt employees with the required rest period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7.

Defendant also failed to adequately reimburse Mr. Castillo and other hourly, non-exempt employees for all reasonable and necessary work expenditures, including, but not limited to, use of personal cellular phones to communicate with management. Despite requiring Mr. Castillo and other hourly, non-exempt employees to use their personal cell phones for work-related purposes, Defendant did not reimburse Mr. Castillo and other hourly, non-exempt employees for their cellular phone expenses, as mandated by *Cochran v. Schwan's Home Service, Inc.* (2014) 228 Cal.App.4th 1137.

As a result of Defendant's failure to pay all minimum and overtime wages, failure to pay as well as meal and rest period premium wages, Defendant maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Castillo and other hourly, non-exempt employees. Further, Defendant paid Mr. Castillo overtime wages in a separate check and/or cash, which deprived Mr. Castillo and other hourly, non-exempt employees with the full wages to which they were entitled, including overtime wages.

As described above, Defendant committed the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 9 ("Wage Order 9"):

Overtime Violations

Defendant was required to pay Mr. Castillo and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 1194(a) and 1198; the Wage Order 9, § 3. According to Labor Code § 510(a), "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." This Section further provides, "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." During his employment with Defendant, Defendant would keep track of Mr. Castillo's time worked and would unlawfully shave Mr. Castillo's work time and/or round Mr. Castillo's work time such that Mr. Castillo would not be fully paid for all time worked. This time-shaving and/or rounding practice utilized by Defendant was not even-handed over time and would almost exclusively round and shave in Defendant's favor such that Mr. Castillo was routinely unpaid for his time worked. As a result, Defendant failed to pay Mr. Castillo all required minimum and overtime wages.

Further, throughout Mr. Castillo's employment with Defendant, Mr. Castillo would regularly work in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, and in excess of 12.0 hours per day. Although Mr. Castillo regularly worked in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, Mr. Castillo did not receive legally required overtime compensation for these hours. Specifically, Defendant had a policy and/or practice of paying Mr. Castillo in cash or a separate check for his overtime wages. Due to Defendant's unlawful compensation practices, Defendant failed to pay proper overtime wages for hours worked in excess of 8.0 hours per workday and/or 40.0 hours per

workweek and has therefore deprived Mr. Castillo of earned overtime wages. Defendant also failed to pay Mr. Castillo proper double-time wages for hours worked in excess of 12.0 in a day.

Minimum Wage Violations

Defendant was required to pay Mr. Castillo and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1194; 1194.2, 1197; The Wage Order 9, § 4. As described above, during Mr. Castillo's employment, Defendant would keep track of Mr. Castillo's time worked through a cellular application that she accessed through her personal cellular phone. Defendant required Mr. Castillo to work off-the-clock outside of her scheduled work hours and/or during meal breaks, including without limitation, reading, reviewing, and responding to communications with management about information about promotions, scheduling, sales, sales reports, among other work-related issues. However, Mr. Castillo was not compensated for such work. As a result, Defendant failed to pay Mr. Castillo and other aggrieved employees all required minimum wages.

Meal Period Violations

As alleged above, Defendant failed to provide their aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 9, § 11. As described above, Specifically, due to Mr. Castillo's job duties and Defendant's practices of understaffing, Mr. Castillo was often prevented from taking meal periods that commenced before the end of the 5th hour of work. Defendant's policies and practices also required Mr. Castillo and other aggrieved employees to carry a radio/walkie talkie and respond at all times during their shifts, including meal breaks, resulting in interrupted and/or short meal breaks. As a result of Defendant's unlawful meal period policies and practices, Mr. Castillo meal periods were often late or otherwise unlawful. Additionally, during times when Mr. Castillo worked in excess of 10.0 hours per shift, Defendant failed to provide Mr. Castillo with a second, timely meal period of at least 30 minutes in length. Therefore, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided."). Although the aggrieved employees were not provided with all legally-compliant meal periods to which they were entitled, Defendant failed to compensate them with the required meal period premium for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Rest Period Violations

Defendant also failed to authorize and permit their aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 9, § 12. As alleged above, Defendant's rest period policies and practices fail to authorize and permit the aggrieved employees to take a net paid 10-minute rest period for every four hours worked, or *major fraction thereof*, due to Defendant's practices of understaffing and the work demands imposed by Defendant. As a result, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour

of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Wage Statement Violations

Defendant knowingly and intentionally, as a matter of uniform practice and policy, failed to furnish their aggrieved employees with accurate and complete, itemized wage statements that included, among other requirements, all minimum and overtime wages earned, and meal and rest period premium wages, in violation of Labor Code § 226 *et seq.* Further, Defendant paid Mr. Castillo overtime wages in a separate check and/or cash, which deprived Mr. Castillo and other aggrieved employees with the full wages to which they were entitled, including overtime wages. Defendant's failure to furnish their aggrieved employees with complete and accurate, itemized wage statements resulted in actual injury, as said failures led to, among other things, the non-payment of all minimum and overtime wages earned, and unpaid meal period and premium wages, and deprived them of the information necessary to identify discrepancies in Defendant's reported data.

Failure to Reimburse Business Expenses

During Mr. Castillo's employment with Defendant, Mr. Castillo and other aggrieved employees were required to use their personal cellular phone to discharge their duties. Defendant's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 9 § 9, and Labor Code § 2802 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer.") Mr. Castillo and the aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

As an "aggrieved employee," Mr. Castillo will initiate a civil action on behalf of himself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Castillo's own investigation, and on information and belief, Defendant committed the following Labor Code violations:

- a) Defendant violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Mr. Castillo and other aggrieved employees all overtime compensation earned;
- b) Defendant violated Labor Code §§ 1194, 1194.2, and 1197 by failing to pay Mr. Castillo and other aggrieved employees the statutory minimum wage for all hours worked;
- c) Defendant violated Labor Code §§ 226.7, 512, and 558 by failing to provide all legally required meal periods and failing to pay meal period premiums to Mr. Castillo and the aggrieved employees;
- d) Defendant violated Labor Code §§ 226.7, 516, and 558 by failing to provide all legally required rest periods and failing to pay rest period premiums to Mr. Castillo and the aggrieved employees;

- e) Defendant violated Labor Code § 226 by failing to furnish Mr. Castillo and the aggrieved employees with accurate and compliant itemized wage statements;
- f) Defendant violated Labor Code § 204 by failing to pay Mr. Castillo and the aggrieved employees all earned wages at least twice during each calendar month; and
- g) Defendant violated Labor Code § 1174 by failing to maintain accurate records on behalf of Mr. Castillo and the aggrieved employees.

Pursuant to Labor Code section 2699.3(a)(2)(A), please notify us and Defendant if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

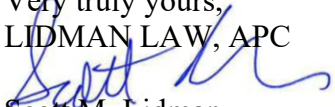
Very truly yours,
LIDMAN LAW, APC

Scott M. Lidman

EXHIBIT 2

EXHIBIT 2

PAGA SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement" or "Agreement") is made and entered into between Plaintiff Luis Castillo ("Plaintiff"), acting in a Private Attorneys General capacity, and Defendant DSD Container Freight Station, Inc. ("Defendant").

I. DEFINITIONS

The following terms, when used in this Settlement, shall have the following meanings:

1. "Action" means Plaintiff's lawsuit against Defendant with the sole claim being asserted under the Private Attorneys General Act of 2004 ("PAGA") pursuant to California Labor Code section 2699, *et seq.* entitled *Luis Castillo v. DSD Container Freight Station, Inc.*, pending in Los Angeles County Superior Court, Case No. 23STCV16677.

2. "Aggrieved Employees" means all current and former hourly, non-exempt employees who worked for Defendant DSD Container Freight Station, Inc. in California at any time from July 20, 2022 through the date the Court grants approval of this settlement.

3. "Defendant" means DSD Container Freight Station, Inc., a California corporation.

4. "Complaint" means the Representative Action Complaint entitled *Luis Castillo v. DSD Container Freight Station, Inc.*, pending in Los Angeles County Superior Court, Case No. 23STCV16677, and filed on July 17, 2023.

5. "Court" means the Superior Court of California for the County of Los Angeles.

6. "Effective Date" means the date upon entry of an Order by the Court approving this Settlement Agreement.

7. "Individual PAGA Payment" means the amount to be paid to each Aggrieved Employee based on the formula described herein.

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

9. "Gross Settlement Amount" is the non-reversionary sum of Sixty-Nine Thousand Four Hundred Thirty-Two Dollars and Zero Cents (\$69,432.00), which represents the total amount payable under this Settlement by Defendant, including, without limitation, payments to all Aggrieved Employees, payment to the LWDA, payment of Plaintiff's Counsel's fees and costs, payment of Plaintiff's enhancement award and payment to the Settlement Administrator for administration costs. Under no condition will Defendant's aggregate liability exceed this Gross Settlement Amount, except as expressly provided in this Agreement. The Gross Settlement Amount is all-in with no reversion to Defendant.

10. "Net Settlement Amount" is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts (if approved by the Court) are subtracted from the Gross Settlement Amount: (a) Plaintiff's Counsel's fees up to one-third of the Gross Settlement Amount (currently estimated at \$23,144.00); (b) Plaintiff's verified costs up to \$20,000.00; (c)

Plaintiff's enhancement award in an amount not to exceed \$3,500.00; and (d) administration costs in an amount not to exceed \$2,750.00.

11. "PAGA" means the California Labor Code Private Attorneys General Act, California Labor Code § 2698, *et seq.*

12. "PAGA Period" means the time period from July 20, 2022 through the date the Court grants approval of this settlement.

13. "Released Parties" means Defendant and its former, present and future owners, parents, subsidiaries, and all of their current, former and future officers, directors, members, managers, employees, consultants, partners, shareholders, joint venturers, agents, successors, assigns, accountants, insurers, or legal representatives.

14. "PAGA Released Claims" means any and all claims, rights, demands, liabilities and causes of action for civil penalties under the Labor Code and Private Attorneys General Act ("PAGA"), Labor Code § 2698 *et seq.*, against the Released Parties as pled in the Action, or which could have been pled in the Action based on the factual allegations therein and alleged in **Exhibit A**, that arose during the PAGA Period, with respect to the following claims: (a) failure to pay all overtime compensation earned; (b) failure to pay the statutory minimum wage for all hours worked; (c) failure to provide all legally required meal periods and failing to pay meal period premiums; (d) failure to provide all legally required rest periods and failing to pay rest period premiums; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to reimburse all necessary business expenditures; and (g) failure to maintain accurate records ("PAGA Released Claims").

15. "Parties" mean Plaintiff and Defendant, collectively.

16. "Plaintiff" means Luis Castillo.

17. "Plaintiff's Counsel" means Scott M. Lidman, Milan Moore and Tiara Gose-Hardy of Lidman Law, APC and Paul K. Haines of Haines Law Group, APC.

18. "Settlement Administrator" means Phoenix Settlement Administrators.

II. RECITALS

1. On July 20, 2023, Plaintiff provided written notice to the LWDA and Defendant asserting claims for civil penalties pursuant to the PAGA stemming from alleged violations of the California Labor Code, as follows: (a) failure to pay all overtime compensation earned; (b) failure to pay the statutory minimum wage for all hours worked; (c) failure to provide all legally required meal periods and failing to pay meal period premiums; (d) failure to provide all legally required rest periods and failing to pay rest period premiums; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to reimburse all necessary business expenditures; and (g) failure to maintain accurate records. A true and correct copy of the July 20, 2023 letter to the LWDA is attached hereto as **Exhibit A**.

2. On July 17, 2023, Plaintiff filed his Complaint in the Action asserting various class-wide wage and hour claims. On September 25, 2023, Plaintiff filed a First Amended Complaint

asserting an additional cause of action for civil penalties under the PAGA alleged on behalf of the Aggrieved Employees based on Defendant's alleged: (a) failure to pay all overtime compensation earned; (b) failure to pay the statutory minimum wage for all hours worked; (c) failure to provide all legally required meal periods and failing to pay meal period premiums; (d) failure to provide all legally required rest periods and failing to pay rest period premiums; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to reimburse all necessary business expenditures; and (g) failure to maintain accurate records. Plaintiff's claims were ultimately reduced to a single representative claim for civil penalties under the PAGA.

3. During the pendency of the Action, the Parties exchanged certain informal discovery prior to mediation, including information and documents pertaining to Plaintiff and other Aggrieved Employees and the claims in the Action in order for Plaintiff's Counsel to investigate Plaintiff's allegations and evaluate the substance and value of the PAGA claim.

4. On December 20, 2024, the Parties participated in a full-day mediation before a mediator, Hon. Zaven Sinanian (Ret.). With the assistance of the mediator both during and after the scheduled mediation, the Parties were able to reach an agreement to fully and finally resolve, subject to Court approval, the PAGA Released Claims as to Plaintiff and the Aggrieved Employees.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Settlement shall be construed to be an admission by Plaintiff that his claims do not have merit or by Defendant of any liability or wrongdoing as to Plaintiff, Aggrieved Employees, or any other person, and Defendant specifically disclaims any such liability or wrongdoing. The Parties have entered into this Settlement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and risks. This Settlement and any related court documents or orders are not and may not be cited or admitted as evidence of liability. This Settlement and the fact that Plaintiff and Defendant were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating the Settlement pursuant to this Agreement). Nothing in this Agreement, no documents referred to herein, and no action taken to carry out this Agreement, shall be constructed as an admission by Defendant of any liability or wrongdoing as to Plaintiff, Aggrieved Employees, the State of California, or any other person, and Defendant specifically disclaims any such liability or wrongdoing and contends that it has complied with all applicable state, federal and local laws.

Whether or not the Judgment becomes final, neither the Settlement, this Agreement, any document, statement, proceeding or conduct related to the Settlement or the Agreement, nor any reports or accounting of those matters, will be (i) construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Plaintiff or Defendant or any of the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or (ii) disclosed, referred to or offered in evidence against any of the Released Parties, in any further proceeding in the Action, or any other civil, criminal or administrative action or proceeding except for purposes of effectuating the Settlement pursuant to this Agreement.

This section and all other provisions of this Agreement notwithstanding, any and all provisions of this Agreement may only be admitted in evidence and otherwise used in any and all proceedings for the limited purpose of enforcing any or all terms of this Agreement or defending any claims released or barred by this Agreement.

2. **Gross Settlement Amount.** Defendant shall pay Sixty-Nine Thousand Four Hundred Thirty-Two Dollars and Zero Cents (\$69,432.00) as the Gross Settlement Amount. Defendant shall deposit the Gross Settlement Amount with the Settlement Administrator by no later than thirty (30) calendar days of the Court issuing an Order approving the Settlement. The Settlement Administrator shall hold all portions of the Gross Settlement Amount in an interest-bearing account for the benefit of the Aggrieved Employees until the time for disbursement. The releases identified herein shall be null and void if Defendant fails to fully fund the Gross Settlement Amount.

3. **Escalator Clause.** Defendant represents that there are an estimated 789 pay periods worked by the Aggrieved Employees during the PAGA Period. If the number of pay periods worked by the Aggrieved Employees during the PAGA Period is 25% or greater than this figure (i.e., of there are 986 or more pay periods), Defendant agrees to increase the Gross Settlement Amount on a proportional basis equal to the percentage increase in the number of pay periods worked by the PAGA Period above the 25% (i.e., if there was an 26% increase in the number pay periods during the PAGA Period, Defendant agrees to increase the Gross Settlement Amount by 1%).

4. **Net Settlement Amount.** The Parties agree that the following amounts should be subtracted from the Gross Settlement Amount, subject to Court approval, resulting in a Net Settlement Amount to distribute to the LWDA and Aggrieved Employees:

a. **Plaintiff's Attorneys' Fees and Costs.** Defendant will not oppose Plaintiff's request for attorneys' fees in the amount up to one-third (1/3) of the Gross Settlement Amount, including one-third of any increase pursuant to the Escalator Clause. (The fees are currently estimated to be Twenty-Three Thousand One Hundred Forty-Four Thousand Dollars and Zero Cents (\$23,144.00). Defendant will not oppose Plaintiff's request for costs incurred in prosecuting this Action in an amount not to exceed Twenty Thousand Dollars and Zero Cents (\$20,000.00). In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount. If the Court believes the attorneys' fees and/or costs should be reduced, the other terms of this Settlement will remain in effect and enforceable, and any such reduction will not affect the remaining terms, other than adjusting the Net Settlement Amount.

The Settlement Administrator will report these payments on IRS Form 1099 issued to Plaintiff's Counsel.

b. Plaintiff's Enhancement Award. Defendant will not oppose Plaintiff's request for an enhancement award in the amount of Thirty-Five Hundred Dollars and Zero Cents (\$3,500.00) for his service to the LWDA and the Aggrieved Employees by and through filing the Action, participation in this Action, and the risk he undertook by attaching his name to the Action. In the event the Court approves a payment of less than the requested amount, the difference will be added to the Net Settlement Amount. If the Court believes the enhancement award should be reduced, the other terms of the Settlement will remain in effect and enforceable, and any such reduction will not affect the remaining terms, other than adjusting the Net Settlement Amount. The Settlement Administrator will report this payment on IRS Form 1099 issued to Plaintiff.

c. Administration Costs. The Parties agree that the Administration Costs shall be paid from the Gross Settlement Amount, in an amount not to exceed \$2,750.00, for administering the Settlement. The Settlement Administrator will report this payment on IRS Form 1099 issued to the Settlement Administrator.

5. Allocation of Net Settlement Amount. The Net Settlement Amount shall be distributed pursuant to Labor Code § 2699(i) as follows:

a. 75% of the Net Settlement Amount shall be distributed to the LWDA;

b. 25% of the Net Settlement Amount shall be paid to Aggrieved Employees. This portion of the Net Settlement Amount shall be paid to all Aggrieved Employees pro rata based on the proportional number of pay periods worked by each Aggrieved Employee during the PAGA Period.

This paragraph regarding allocation is based on the Parties' collective understanding that all payments will be considered "penalties" and that there will no employer-side tax consequence to Defendant as a result of an allocation of the penalty. If the Parties later determine otherwise, they will meet and confer regarding changes to this allocation provision. The Parties agree that should the Court deny approval of the Settlement based on the allocation of the Net Settlement Amount, the Parties agree to re-negotiate in good faith in an effort to obtain approval of the Settlement.

7. No Right to Opt-Out. The Parties agree that there is no statutory right for any Aggrieved Employee to opt-out or otherwise exclude himself or herself from the Settlement.

8. **Release by Plaintiff.** Upon the Effective Date, Plaintiff generally, releases and discharges the Released Parties from any and all claims, demands, obligations, causes of action, liabilities, debts, promises, agreements, attorneys' fees, losses and expenses, known or unknown, suspected or unsuspected, filed or unfiled, that Plaintiff may have or have had arising out of any known or unknown fact, condition or incident occurring prior to the date of this Agreement arising out of or in connection with any claims, demand, charges, or complaints, including the Action, or arising out of or in connection with Plaintiff's employment with Defendant or the cessation thereof, or arising out of or in connection with Plaintiff's relationship with Defendant, if any ("Plaintiff's Released Claims"). This release includes, without limiting the generality of the foregoing: any and all claims, demands, causes of Action, obligations, charges, liabilities, attorneys' fees, costs, actual, compensatory and punitive damages, and all claims for any other type of relief relating to, arising out of, or based upon: all claims of harassment, discrimination, and/or retaliation in violation of Local, State or Federal law; all claims for failure to prevent harassment, discrimination, and/or retaliation; all claims of violation of public policy, including a claim for wrongful and/or constructive termination of employment; all claims based on tort and/or breach of contract, whether written or oral, express or implied, and any covenant of good faith and fair dealing; all claims for unpaid commissions, wages, or other benefits, including minimum wage, overtime, double time, vacation, associated penalties and/or premiums, and expense reimbursement; all claims for rest or meal periods and associated penalties and/or premiums, and any and all claims for alleged violations of the California Labor Code; any claim for unlawful or unfair business practices; all claims for emotional distress; any and all claims which were or could have been asserted by Plaintiff; and all claims generally relating to Plaintiff's employment relationship and the cessation thereof, including any alleged violation of any federal, state or other governmental statute, regulation, ordinance, or executive order, including without limitation:

- a. The Civil Rights Acts of 1866, 1964, and 1991, as amended;
- b. 42 U.S.C. § 1981;
- c. The California Fair Employment and Housing Act;
- d. Section 503 of the Rehabilitation Act of 1973;
- e. The Fair Labor Standards Act (including the Equal Pay Act);
- f. The California and United States Constitutions;
- g. The California Labor Code, specifically including, but not limited to the Private Attorneys General Act pursuant to Labor Code § 2699, et seq.;
- h. The California Business & Professions Code;
- i. The Employee Retirement Income Security Act, as amended;
- j. The Americans with Disabilities Act;

- k. The Age Discrimination in Employment Act;
- l. The Family Medical Leave Act;
- m. The California Family Rights Act;
- n. The California Pregnancy Discrimination Act;
- o. The California Wage Orders;
- p. The National Labor Relations Act;
- q. The Immigration Reform and Control Act;
- r. The California Occupational Safety and Health Act, or the Federal equivalent; and
- s. The Worker Adjustment and Retraining Notification Act.

Additionally, Plaintiff represents, warrants, and affirms that he has no claims or rights to assert a claim for workers' compensation benefits, and Plaintiff represents, warrants and affirms that no factual basis exists for a claim for increased compensation under California Labor Code section 132a based upon all facts and circumstances surrounding his employment with and/or his separation from Defendant pursuant to this Agreement.

Plaintiff further understands and expressly agrees that in exchange for the Settlement Payment, he waives any claims and/or rights either known or unknown, as an "aggrieved employee" as defined in Cal Labor Code § 2699(c). Moreover, Plaintiff expressly agrees that he waives any and all claims and/or rights to act as a PAGA representative in any action, either known or unknown, against the Released Parties.

This release in all respects has been voluntarily and knowingly executed by Plaintiff with the express intention of affecting the legal consequences provided in the California Civil Code § 1541, that is, the extinguishment of obligations herein designated. This release does not extend to claims by Plaintiff for workers' compensation benefits, social security benefits, or unemployment insurance benefits, and which cannot be waived and released by private agreement.

The Parties agree that the Individual Settlement Payment to Plaintiff shall be effective as a full and final accord and satisfaction and settlement of, and as a bar to, all of Plaintiff's known and unknown claims against Defendant and the Released Parties under Civil Code § 1542.

Plaintiff acknowledges that he may discover facts or law different from, or in addition to the facts or law that he knows or believes to be true with respect to the claims and matters released by way of this Agreement and agrees, nonetheless, that this Agreement and the releases contained in it shall be and remain effective in all respects, notwithstanding such different or additional facts or the discovery of them. The Parties declare and represent that they intend this Agreement to be complete and not subject to any claim of mistake, and that the releases herein express full and complete releases, and that they intend that the releases herein shall be final and complete.

Plaintiff's Waiver of Rights Under California Civil Code Section 1542. As partial consideration for his enhancement payment, Plaintiff's Released Claims shall include all such claims, whether known or unknown by the releasing party. Thus, even if Plaintiff discovers facts and/or claims in addition to or different from those that he now knows or believes to be true with respect to the subject matter of Plaintiff's Released Claims, those claims will remain released and forever barred. Therefore, with respect to Plaintiff's Released Claims, Plaintiff expressly waives and relinquishes the provisions, rights and benefits 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 HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HIS, WOULD HAVE MATERIALLY AFFECTED HIS OR HIS SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

9. **Release by Aggrieved Employees.** Upon the Effective Date, the State of California and Aggrieved Employees hereby release, acquit, and discharge the Released Parties from any and all claims alleged in the Action or in Plaintiff's Notice to the LWDA which occurred during the PAGA Period, including the Released PAGA Claims that have been asserted based on the factual allegations alleged in the Action and Plaintiff's Notice to the LWDA, or reasonably could have been alleged or asserted, or ascertained in the course of the Action, including, any and all claims, actions, and causes of action, arising during the PAGA Period under Labor Code sections 204, 226, 226.3, 226.7, 510, 512, 516, 558, 1182.12, et seq., 1194, 1194.2, 1197, 1198, 2800, 2802, and any applicable Wage Order. This release shall be effective as to all Aggrieved Employees. This release does not include claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the PAGA Period.

10. **Covenants and Representations by Plaintiff and Plaintiff's Counsel.**

a. Plaintiff represents and warrants that he has not assigned or transferred or purported to assign or transfer, to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement.

b. Plaintiff acknowledges that he has read this Settlement, that he fully understands his rights, privileges and duties under the Settlement, and enters into this Settlement

freely and voluntarily, and without duress. Plaintiff further acknowledges that he had the opportunity to consult with his attorneys to explain the terms of this Settlement and the consequences of signing this Settlement.

11. **Court Approval of PAGA Settlement.** To permit judicial review and approval of the Settlement, as required by Labor Code Section 2698, et seq., Plaintiff's Counsel will file the Agreement with the Court and submit the Agreement to the LWDA as part of Plaintiff's motion seeking Court approval of the Settlement, per Lab. Code § 2699(1)(2). 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, counsel for the Parties will expeditiously work together by meeting and conferring in good faith to resolve the disagreement.

12. **Termination of Settlement.** If the Court does not approve the Settlement, if the Court does not enter judgment, as provided for in this Settlement, or, except as otherwise set forth herein, if one or more of the terms of the Settlement is not approved or is materially modified or reversed or found to be invalid, then either of the Parties shall have the right within ten (10) days of written notice thereof to elect to terminate the Settlement, in which case the Settlement shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Settlement. However, an award by the Court of a lesser amount than that sought by Plaintiff will not constitute a material modification to the Settlement within the meaning of this paragraph.

13. **Judgment.** As part of the Motion to approve the Settlement, Plaintiff shall submit a proposed order and judgment which enters judgment in the Action in accordance with the terms of the Settlement and retains jurisdiction over the Action for the purpose of enforcing the terms of the Settlement following approval of the Settlement. This Settlement is expressly conditioned upon the Court entering judgment as set forth herein. The judgment will not release or bar any claims other than the PAGA Released Claims as to Plaintiff and Aggrieved Employees. Plaintiff's Counsel will further submit any judgment rendered in the Action and approving the PAGA Settlement to the LWDA, per Lab. Code § 2699(1)(3).

14. **Waiver of Right to Appeal.** Provided that the Judgment is consistent with the terms and conditions of this Agreement, Plaintiff and Aggrieved Employees, Defendant, and their respective counsel hereby waive any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as, but not limited to, a motion to vacate judgment, a motion for new trial, and any extraordinary writ. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings. If an appeal is taken from the Judgment, the time for consummation of the Settlement (including making payments under the Settlement) will be suspended until such time as the appeal is finally resolved and the Judgment becomes final.

15. **Vacating, Reversal, or Material Modification of Judgment on Appeal or Review.** If, after a notice of appeal, a petition for review, or a petition for certiorari, or any other motion, petition, or application, the reviewing Court vacates, reverses, or modifies the Judgment such that this is a material modification to the Settlement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), and that Court's decision is not completely reversed and the Judgment is not fully affirmed on review by a higher Court, then the Parties shall work together in good faith to address any concerns raised by the reviewing Court and propose a revised

Settlement for the approval of the Court not later than fourteen days after the reviewing Court's decision vacating, reversing, or materially modifying the Judgment becomes Final. A vacation, reversal, or modification of the Court's award of the PAGA Counsel Fees Payment or Plaintiff's Counsel Litigation Expenses Payment will not constitute a vacation, reversal, or material modification of the Judgment within the meaning of this paragraph, provided that Defendant's obligation to make payments under this Settlement will remain limited by the Gross Settlement Amount. If an appeal is successful or the Court does not approve the Settlement, Defendant is not required to pay the Gross Settlement Amount.

16. **Limitation on Public Statements About Settlement.** Neither Plaintiff's Counsel nor Defendant's Counsel shall publicize the Settlement prior to the Court granting approval, other than filing documents with the Court or LWDA. Plaintiff and Plaintiff's Counsel and Defendant and Defendant's Counsel agree that they will not issue any press releases or initiate any contact with the media about the fact, amount, or terms of the Settlement. If Plaintiff or Plaintiff's Counsel or Defendant or Defendant's Counsel receive an inquiry about the Settlement from the media, they may respond only after the Motion for Approval has been filed and only by confirming the accurate terms of the Settlement. This provision shall not prohibit the Settlement Administrator from communicating with Aggrieved Employees after approval is granted for the sole purpose of administering the Settlement. This provision also does not limit Plaintiff's Counsel from complying with ethical obligations or from posting court-filed documents on their website for viewing by Aggrieved Employees after preliminary approval. Nothing in this provision shall prevent Defendant or Plaintiff from making any required disclosures.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties agree to use Phoenix Settlement Administrators to handle the administration of this Settlement.

2. **Provision of Information for Aggrieved Employees.** Within ten (10) business days of the Effective Date, Defendant shall provide the Settlement Administrator with information for Aggrieved Employees. Defendant will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, total number of pay periods worked during the PAGA Period, and Social Security number. The list shall also include the sum total of all pay periods worked by Aggrieved Employees during the PAGA Period. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in the highest of confidence, and access shall be limited to those with a need to use the list as part of the administration of the Settlement and none of the information contained in the list shall be disclosed to third parties or to Plaintiff's Counsel without the express written consent of counsel for Defendant.

Within ten (10) business days of receiving the Aggrieved Employees' information from Defendant, the Settlement Administrator will circulate to counsel for both Parties an anonymized spreadsheet containing the estimated individual settlement payments to each Aggrieved Employee and the data used to calculate said payments. The Settlement Administrator shall also determine whether the Escalator Clause in Section III.3 has been triggered. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments.

3. **Explanatory Letter and Individual PAGA Payments.** Upon receipt of the information for Aggrieved Employees, the Settlement Administrator will perform a search on the National Change of Address database to update the Aggrieved Employees' addresses.

Within ten (10) business days of receiving approval from counsel of the payment calculations as provided above, the Settlement Administrator shall mail copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit B**, in both English and Spanish, along with Individual PAGA Payments to all Aggrieved Employees via regular First-Class U.S. Mail.

The Settlement Administrator will calculate the amount to be received by each Aggrieved Employee, which will be based on the formula set forth in Section III.5., *supra*. The Settlement Administrator will send each Aggrieved Employee a check for his or her Individual PAGA Payment along with the explanatory letter. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed penalties/interest and reported using IRS Form 1099.

4. **Undeliverable Notices.** The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Aggrieved Employee.

Any checks returned as non-deliverable on or before the check cashing deadline will be re-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 perform a single re-mailing after which any returned checks will be deemed undeliverable.

The Settlement Administrator shall maintain a list of the postmark date for the original mailing of the Individual Settlement Payment to the Aggrieved Employees, the postmark date of any subsequent mailing to any of the Aggrieved Employees, and a list of Aggrieved Employees who did not receive the Individual Settlement Payment due to the inability to locate a valid address using the procedures described herein or who otherwise could not be located within two attempts at mailing.

Defendant fully discharges its obligations to those Aggrieved Employees to whom it will pay an Individual PAGA Payment through the mailing of a check, regardless of whether such checks are actually received and/or negotiated by Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance, will be tendered to the State Controller's Office pursuant to the Unclaimed Property Law, California Civil Code § 1500, *et. seq.* for the benefit of and in the name(s) of the Aggrieved Employees to whom the checks were issued but whom did not cash the checks. The unclaimed checks shall remain in the unclaimed property fund in the name of the Aggrieved Employee until such time that they claim their property (the Individual Settlement Payment), or the property is otherwise disposed of pursuant to the Unclaimed Property Laws.

5. **Payment of Remainder.** Within ten (10) business days of receiving approval from counsel of the payment calculations, the Settlement Administrator will distribute the following additional payments: (1) the 75% share of the Net Settlement Amount to the LWDA; (2) Court-approved attorneys' fees and costs to Plaintiff's Counsel; (3) Court-approved enhancement award to Plaintiff; and (4) Court-approved administration costs to the Settlement Administrator.

6. **Accounting.** Within ten (10) business days of receiving approval from counsel of the payment calculations, the Settlement Administrator will provide an accounting under oath to the Parties of the amounts paid from the Settlement. The Settlement Administrator shall provide a further such accounting under oath, upon request, after the conclusion of the 180-day check cashing period.

7. **Tax Consequences.** Individual PAGA Payments made under this Settlement will be attributed 100% as penalties and paid via IRS Form 1099 issued to each Aggrieved Employee. No later than January 31 of the year following payment of their individual portion of the PAGA Payment, the Settlement Administrator will prepare and issue IRS Form 1099s to Aggrieved Employees who received a payment. Neither Plaintiff nor Defendant, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement.

V. MISCELLANEOUS PROVISIONS

1. **Mutual Preparation and Drafting.** The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement. The Parties agree that the terms and conditions of this Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Plaintiff nor Defendant shall be considered the "drafter" of this Settlement for purposes of having terms construed against that Party. This Settlement 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.

2. **Successors.** This Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, assigns, administrators and successors.

3. **Costs and Fees.** The Parties shall each bear their own costs, attorneys' fees, expert fees, mediator fees, and other fees incurred in connection with this Settlement, the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

4. **Governing Law.** This Settlement shall be construed under and governed by the laws of the State of California. This Settlement shall be deemed to have been entered into in the County of Los Angeles, California, and all questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Settlement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Settlement, it shall be brought in the State of California, County of Los Angeles. Furthermore, this Settlement shall be valid and enforceable notwithstanding any new legal developments regarding the PAGA Released Claims or any other matter related to the Action occurring after the date this Agreement is executed by all Parties.

5. **Complete Agreement.** The Parties each acknowledge and represent that no promise or representation not contained in this Settlement has been made to them and acknowledge and represent that this Settlement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the PAGA Released Claims in the Action. This Settlement cannot be amended or modified except by a writing signed by the Parties hereto.

6. **Nullification of Settlement.** In the event that: (i) after good faith efforts to amend or modify the Agreement for Court approval 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 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 unless otherwise required under this Agreement.

7. **Judgment and Continued Jurisdiction.** After approval of this Settlement, 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. Plaintiff will submit a proposed judgment in conformity with this Agreement to be entered by the Court, which shall constitute a final and binding resolution of the claims in the Action.

8. **Authorization to Enter into Settlement.** The signatories hereto represent that they are fully authorized to enter into this Settlement. 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.

9. **Execution and Counterparts.** This Settlement is subject only to the execution of all Parties. However, the Settlement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile, electronic signatures, and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange a fully executed Agreement. The Parties also agree that a facsimile, electronic, or scanned copy of the fully executed Agreement shall have the same force and effect as an original signed Agreement.

10. **Acknowledgement that the Settlement is Fair and Reasonable.** The Parties believe this Settlement is a fair, adequate and reasonable settlement of the Action, and have arrived at this Settlement after arm's-length negotiations by experienced counsel and with the assistance of an experienced mediator. 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.

11. **Invalidity of Any Provision.** Before declaring any provision of this Settlement invalid, the Court will 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 Settlement valid and enforceable.

12. **Severability.** If any term or provision of this Settlement is held to be invalid or

unenforceable, the remaining portions of this Settlement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

13. **Waiver.** No waiver of any condition or covenant contained in this Settlement 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.

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

15. **Enforcement Action.** The Parties hereby agree this Agreement is enforceable under Code of Civil Procedure section 664.6, so as to allow the Parties to enforce the terms of their settlement until performance has been made in full. In the event that one more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, 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

16. **Integrated Agreement.** After this Agreement is signed and delivered by all Parties and their counsel, this Agreement and its exhibits will constitute the entire agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any Party concerning this Agreement or its exhibits other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits,

17. **No Tax Advice:** THE PARTIES ACKNOWLEDGE AND AGREE THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES, PAGA COUNSEL, OR DEFENSE COUNSEL 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, 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 ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'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.

18. **Use of Documents and Data.** All originals, copies, and summaries of documents and data provided to Plaintiff's Counsel by Defendant in connection with the mediation or other settlement negotiations in this matter may be used only with respect to this Settlement, and no other purpose, may not be used in any way that violates any existing contractual agreement, statute, or rule, and will be destroyed thereafter by Plaintiff's Counsel.

19. **Confidentiality.** To the extent permitted by law, all agreements made, and orders entered during the Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

IN WITNESS THEREOF, the Parties each acknowledge that they have read the foregoing Settlement, accept and agree to the provisions contained in this Settlement and hereby execute it voluntarily and with full understanding of its consequences.

APPROVED AS TO FORM AND CONTENT:

Dated: December 16, 2025

Luis Castillo

Luis Castillo, Plaintiff

Dated: December 23, 2025

Charles Navarro

By: Charles Navarro

Its: Compliance Director

DSD Container Freight Station, Inc., Defendant

APPROVED AS TO FORM:

Dated: December 16, 2025

LIDMAN LAW, APC

By: Scott M. Lidman

Scott M. Lidman

Attorneys for Plaintiff, Luis Castillo

Dated: December 16, 2025

HAINES LAW GROUP, APC

By: Paul K. Haines

Paul K. Haines

Attorneys for Plaintiff, Luis Castillo

Dated: 12/26/25

THE TORREY FIRM

By: 
Rebecca Torrey
Judd Grutman
Attorneys for Defendant, DSD Container Freight
Station, Inc.

EXHIBIT A

EXHIBIT A

LIDMAN LAW

2155 CAMPUS DRIVE, SUITE 150, EL SEGUNDO, CA 90245
OFFICE: (424) 322-4772
FAX: (424) 322-4775

July 20, 2023

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

**VIA U.S. CERTIFIED MAIL – RETURN
RECEIPT REQUESTED**

DSD Container Freight Station, Inc.
c/o Danielle Elise Martinez, Registered Agent
2411 Santa Fe Avenue
Redondo Beach, CA 90278

Re: *Luis Castillo v. DSD Container Freight Station, Inc.*

To Whom It May Concern:

Please be advised that this law firm represents Luis Castillo in claims arising from his employment with DSD Container Freight Station, Inc., a California corporation (“Defendant”). Mr. Castillo is an “aggrieved employee” as defined by Labor Code sections 2699, *et seq.* due to Defendant’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code section 2699.3, which requires aggrieved employees to notify their employer and the Labor and Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated.

For purposes of this letter, an “aggrieved employee” should be considered to include all current and former hourly-paid employees in California who worked, at least in part, during the one year immediately preceding the date of this letter through the date of trial, the date judgment is entered, the date of settlement and/or other date approved by the Court.

Mr. Castillo, a current non-exempt employee, has been employed by Defendant since approximately 2019 through the present. Mr. Castillo has been on a leave of absence since approximately March 17, 2021. Mr. Castillo held the position of Forklift Driver and then in approximately 2020, Mr. Castillo held a security guard position.

Throughout Mr. Castillo’s employment with Defendant, Mr. Castillo was generally scheduled to work Monday through Friday from approximately 2:00 p.m. to approximately 10:30 p.m. However, often times Mr. Castillo would work as early as 9:00 a.m. and/or as late as 12:00 a.m. midnight.

During his employment with Defendant, Defendant would keep track of Mr. Castillo and other hourly, non-exempt employees’ time worked and would unlawfully shave their work time and/or round their work time such that they would not be fully paid for all time worked. This time-shaving and/or

rounding practice utilized by Defendant was not even-handed over time and would almost exclusively round and shave in Defendant's favor such that Mr. Castillo and other hourly, non-exempt employees were routinely unpaid for their time worked. As a result, Defendant failed to pay Mr. Castillo and other hourly, non-exempt employees all required minimum and overtime wages.

Further, throughout Mr. Castillo's employment with Defendant, Mr. Castillo and other hourly, non-exempt employees would regularly work in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, and in excess of 12.0 hours per day. Although Mr. Castillo and other hourly, non-exempt employees regularly worked in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, Mr. Castillo and other hourly, non-exempt employees did not receive legally required overtime compensation for these hours. Specifically, Defendant had a policy and/or practice of paying Mr. Castillo and other hourly, non-exempt employees in cash or a separate check for their overtime wages. Due to Defendant's unlawful compensation practices, Defendant failed to pay proper overtime wages for hours worked in excess of 8.0 hours per workday and/or 40.0 hours per workweek and has therefore deprived Mr. Castillo and other hourly, non-exempt employees of earned overtime wages. Defendant also failed to pay Mr. Castillo and other hourly, non-exempt employees proper double-time wages for hours worked in excess of 12.0 in a day.

During his employment with Defendant, Mr. Castillo and other hourly, non-exempt employees were not provided all legally required meal periods due to Defendant's unlawful meal period policies and practices. Throughout his employment with Defendant, Mr. Castillo and other hourly, non-exempt employees were not provided all required meal periods due to Defendant's meal period policies/practices which fail to provide uninterrupted, duty-free and timely 30-minute meal periods when employees work in excess of 5.0 hours in a day. Specifically, due to their job duties and Defendant's practices of understaffing, Mr. Castillo and other hourly, non-exempt employees were often prevented from taking meal periods that commenced before the end of the 5th hour of work. Defendant's policies and practices also required Mr. Castillo and other hourly, non-exempt employees to carry a radio/walkie talkie and respond at all times during their shifts, including meal breaks, resulting in interrupted and/or short meal breaks. As a result of Defendant's unlawful meal period policies and practices, Mr. Castillo and other hourly, non-exempt employees' meal periods were often late or otherwise unlawful. Additionally, during times when Mr. Castillo and other hourly, non-exempt employees worked in excess of 10.0 hours per shift, Defendant failed to provide them with a second, timely meal period of at least 30 minutes in length.

Although Mr. Castillo and other hourly, non-exempt employees were not provided with all legally-compliant meal periods to which he was entitled, Defendant failed to compensate them with the required meal period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Mr. Castillo and other hourly, non-exempt employees were also not authorized and permitted to take all legally required paid rest periods due to Defendant's unlawful rest period policies and practices. Specifically, Mr. Castillo and other hourly, non-exempt employees worked shifts in excess of 3.5 hours, but was not authorized or permitted to take a ten-minute paid rest period for every four (4) hour period worked, or *major fraction thereof*. As a result of the work demands imposed by Defendant and Defendant's practices of understaffing, Defendant failed to authorize and permit duty-free rest periods for every four hours worked, or *major fraction thereof*.

On those occasions when Mr. Castillo and other hourly, non-exempt employees were not authorized and permitted to take all legally-compliant rest periods to which they were entitled, Defendant failed to compensate Mr. Castillo and other hourly, non-exempt employees with the required rest period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7.

Defendant also failed to adequately reimburse Mr. Castillo and other hourly, non-exempt employees for all reasonable and necessary work expenditures, including, but not limited to, use of personal cellular phones to communicate with management. Despite requiring Mr. Castillo and other hourly, non-exempt employees to use their personal cell phones for work-related purposes, Defendant did not reimburse Mr. Castillo and other hourly, non-exempt employees for their cellular phone expenses, as mandated by *Cochran v. Schwan's Home Service, Inc.* (2014) 228 Cal.App.4th 1137.

As a result of Defendant's failure to pay all minimum and overtime wages, failure to pay as well as meal and rest period premium wages, Defendant maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Castillo and other hourly, non-exempt employees. Further, Defendant paid Mr. Castillo overtime wages in a separate check and/or cash, which deprived Mr. Castillo and other hourly, non-exempt employees with the full wages to which they were entitled, including overtime wages.

As described above, Defendant committed the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 9 ("Wage Order 9"):

Overtime Violations

Defendant was required to pay Mr. Castillo and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. See Labor Code §§ 1194(a) and 1198; the Wage Order 9, § 3. According to Labor Code § 510(a), "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." This Section further provides, "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." During his employment with Defendant, Defendant would keep track of Mr. Castillo's time worked and would unlawfully shave Mr. Castillo's work time and/or round Mr. Castillo's work time such that Mr. Castillo would not be fully paid for all time worked. This time-shaving and/or rounding practice utilized by Defendant was not even-handed over time and would almost exclusively round and shave in Defendant's favor such that Mr. Castillo was routinely unpaid for his time worked. As a result, Defendant failed to pay Mr. Castillo all required minimum and overtime wages.

Further, throughout Mr. Castillo's employment with Defendant, Mr. Castillo would regularly work in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, and in excess of 12.0 hours per day. Although Mr. Castillo regularly worked in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, Mr. Castillo did not receive legally required overtime compensation for these hours. Specifically, Defendant had a policy and/or practice of paying Mr. Castillo in cash or a separate check for his overtime wages. Due to Defendant's unlawful compensation practices, Defendant failed to pay proper overtime wages for hours worked in excess of 8.0 hours per workday and/or 40.0 hours per

workweek and has therefore deprived Mr. Castillo of earned overtime wages. Defendant also failed to pay Mr. Castillo proper double-time wages for hours worked in excess of 12.0 in a day.

Minimum Wage Violations

Defendant was required to pay Mr. Castillo and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1194; 1194.2, 1197; The Wage Order 9, § 4. As described above, during Mr. Castillo's employment, Defendant would keep track of Mr. Castillo's time worked through a cellular application that she accessed through her personal cellular phone. Defendant required Mr. Castillo to work off-the-clock outside of her scheduled work hours and/or during meal breaks, including without limitation, reading, reviewing, and responding to communications with management about information about promotions, scheduling, sales, sales reports, among other work-related issues. However, Mr. Castillo was not compensated for such work. As a result, Defendant failed to pay Mr. Castillo and other aggrieved employees all required minimum wages.

Meal Period Violations

As alleged above, Defendant failed to provide their aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 9, § 11. As described above, Specifically, due to Mr. Castillo's job duties and Defendant's practices of understaffing, Mr. Castillo was often prevented from taking meal periods that commenced before the end of the 5th hour of work. Defendant's policies and practices also required Mr. Castillo and other aggrieved employees to carry a radio/walkie talkie and respond at all times during their shifts, including meal breaks, resulting in interrupted and/or short meal breaks. As a result of Defendant's unlawful meal period policies and practices, Mr. Castillo meal periods were often late or otherwise unlawful. Additionally, during times when Mr. Castillo worked in excess of 10.0 hours per shift, Defendant failed to provide Mr. Castillo with a second, timely meal period of at least 30 minutes in length. Therefore, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided."). Although the aggrieved employees were not provided with all legally-compliant meal periods to which they were entitled, Defendant failed to compensate them with the required meal period premium for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Rest Period Violations

Defendant also failed to authorize and permit their aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 9, § 12. As alleged above, Defendant's rest period policies and practices fail to authorize and permit the aggrieved employees to take a net paid 10-minute rest period for every four hours worked, or *major fraction thereof*, due to Defendant's practices of understaffing and the work demands imposed by Defendant. As a result, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour

of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Wage Statement Violations

Defendant knowingly and intentionally, as a matter of uniform practice and policy, failed to furnish their aggrieved employees with accurate and complete, itemized wage statements that included, among other requirements, all minimum and overtime wages earned, and meal and rest period premium wages, in violation of Labor Code § 226 *et seq.* Further, Defendant paid Mr. Castillo overtime wages in a separate check and/or cash, which deprived Mr. Castillo and other aggrieved employees with the full wages to which they were entitled, including overtime wages. Defendant's failure to furnish their aggrieved employees with complete and accurate, itemized wage statements resulted in actual injury, as said failures led to, among other things, the non-payment of all minimum and overtime wages earned, and unpaid meal period and premium wages, and deprived them of the information necessary to identify discrepancies in Defendant's reported data.

Failure to Reimburse Business Expenses

During Mr. Castillo's employment with Defendant, Mr. Castillo and other aggrieved employees were required to use their personal cellular phone to discharge their duties. Defendant's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 9 § 9, and Labor Code § 2802 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer.") Mr. Castillo and the aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

As an "aggrieved employee," Mr. Castillo will initiate a civil action on behalf of himself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Castillo's own investigation, and on information and belief, Defendant committed the following Labor Code violations:

- a) Defendant violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Mr. Castillo and other aggrieved employees all overtime compensation earned;
- b) Defendant violated Labor Code §§ 1194, 1194.2, and 1197 by failing to pay Mr. Castillo and other aggrieved employees the statutory minimum wage for all hours worked;
- c) Defendant violated Labor Code §§ 226.7, 512, and 558 by failing to provide all legally required meal periods and failing to pay meal period premiums to Mr. Castillo and the aggrieved employees;
- d) Defendant violated Labor Code §§ 226.7, 516, and 558 by failing to provide all legally required rest periods and failing to pay rest period premiums to Mr. Castillo and the aggrieved employees;

- e) Defendant violated Labor Code § 226 by failing to furnish Mr. Castillo and the aggrieved employees with accurate and compliant itemized wage statements;
- f) Defendant violated Labor Code § 204 by failing to pay Mr. Castillo and the aggrieved employees all earned wages at least twice during each calendar month; and
- g) Defendant violated Labor Code § 1174 by failing to maintain accurate records on behalf of Mr. Castillo and the aggrieved employees.

Pursuant to Labor Code section 2699.3(a)(2)(A), please notify us and Defendant if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

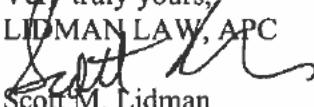
Very truly yours,
LIDMAN LAW, APC

Scott M. Lidman

EXHIBIT B

EXHIBIT B

NOTICE OF PAGA SETTLEMENT AND RELEASE OF CLAIMS

Luis Castillo v. DSD Container Freight Station, Inc.
Los Angeles County Superior Court Case No. 23STCV16677

<<Name>>
<<Address>>
<<City>>, <<State>> <<Zip Code>>
XX - XX - _____

I. NOTICE OF PAGA SETTLEMENT

The Los Angeles County Superior Court (the "Court") has approved a settlement in the above-captioned action filed by Luis Castillo ("Plaintiff") on behalf of himself and all other aggrieved employees.

In this lawsuit, Plaintiff sought to recover civil penalties for alleged violations of the California Labor Code on behalf of the California Labor and Workforce Development Agency ("LWDA") and other aggrieved employees under the California Private Attorneys General Act (the "PAGA"). These civil penalties are based on Plaintiff's allegations that DSD Container Freight Station, Inc. ("DSD"): (1) failed to pay all overtime compensation earned; (2) failed to pay the statutory minimum wage for all hours worked; (3) failed to provide all legally required meal periods and failed to pay meal period premiums; (4) failed to provide all legally required rest periods and failed to pay rest period premiums; (5) failed to furnish accurate and compliant itemized wage statements; (6) failed to reimburse all necessary business expenditures; and (7) failed to maintain accurate records, and as a result is liable for civil penalties under the PAGA.

The Court has not made a determination about the merits of Plaintiff's claims. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of Plaintiff's claims.

DSD denies all of Plaintiff's claims and allegations. It maintains that it was in compliance with the California Labor Code at all times and entered into the Settlement with no admission of liability and solely for the purposes of compromising and settling the action to avoid the cost and operational burden of continued litigation.

You are receiving this Notice because you are in the group of employees referred to as "Aggrieved Employees," which is defined as: "all current and former hourly, non-exempt employees who worked for Defendant DSD Container Freight Station, Inc. in California at any time from July 20, 2022 through [the date the Court grants approval of the settlement]."

II. INDIVIDUAL PAGA PAYMENT

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. Your individual PAGA payment has been calculated at **\$[AMOUNT PAID TO THIS EMPLOYEE]**. Your payment is enclosed with this Notice.

Please Note: One hundred percent (100%) of your Individual PAGA Payment under this Settlement will be considered penalties reported on an IRS Form 1099, and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences, if any, of your individual PAGA payment. Neither Plaintiff nor DSD has made any representations

or warranties regarding the taxation of your Individual PAGA payment. Nothing within this notice or any other communication shall constitute or be construed or relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended).

III. RELEASE

The Court has approved the Parties' Settlement Agreement ("Settlement"). By operation of the Settlement's terms, Plaintiff, the State of California and all Aggrieved Employees, including you, have released DSD and its predecessors, franchisees, successors and assigns, parent corporations, subsidiary corporations, affiliates, insurers, reinsurers and the officers, directors, shareholders, partners, employees, independent contractors, attorneys and agents, past or present, of each of the aforesaid entities/individuals, heirs, executors, administrators, assigns, attorneys and agents, and all persons acting under, by, through, or in concert with any of them ("Released Parties") from any and all claims, rights, demands, liabilities and causes of action for civil penalties under the Labor Code and Private Attorneys General Act ("PAGA"), Labor Code § 2698 et seq., against the Released Parties as pled in the Action, or which could have been pled in the Action based on the factual allegations therein and alleged in the letter to the LWDA, that arose during the PAGA Period, with respect to the following claims: (a) failure to pay all overtime compensation earned; (b) failure to pay the statutory minimum wage for all hours worked; (c) failure to provide all legally required meal periods and failing to pay meal period premiums; (d) failure to provide all legally required rest periods and failing to pay rest period premiums; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to reimburse all necessary business expenditures; and (g) failure to maintain accurate records ("PAGA Released Claims"). The PAGA Released Claims herein does not release the Released Parties from any underlying Labor Code violations upon which Plaintiff's Cause of Action for PAGA is based.

Upon entry of the Order approving the Settlement, any Aggrieved Employee covered by this Agreement (including you) will be barred from proceeding with any of the PAGA Released Claims released by this Settlement, which means claims for civil penalties, but not claims for unpaid wages or statutory penalties recoverable under the Labor Code and/or Wage Orders for the violations alleged in this Lawsuit.

IV. SETTLEMENT ADMINISTRATOR

PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.

You may call the Settlement Administrator, Phoenix Settlement Administrators at [ADMINISTRATOR INFO] with any questions.

Settlement checks will be void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall direct all unclaimed funds to the California State Controller's Office under the unclaimed property laws in the name of the Aggrieved Employee to whom the check was issued. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.