

PAGA SETTLEMENT AGREEMENTⁱ

This PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Mariah Hernandez (“Plaintiff”) and defendant No Static Pro Audio, Inc. (“NO STATIC”). The Agreement refers to Plaintiff and NO STATIC collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means the Plaintiff’s PAGA lawsuit alleging wage and hour violations against NO STATIC captioned Mariah Hernandez v. No Static Pro Audio, Inc., initiated on August 4, 2023 and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2 “Administrator” means PAGA Counsel (due to the small number of Aggrieved Employees (12).
- 1.3 “Aggrieved Employee” means an hourly-paid non-exempt person employed by NO STATIC in California and who received one or more wage statements by NO STATIC during the PAGA Period.
- 1.4 “Aggrieved Employee Data” means Aggrieved Employee identifying information in NO STATIC’s possession including the Aggrieved Employee’s name, last-known mailing address, Social Security number and number of PAGA Pay Periods.
- 1.5 “Aggrieved Employee Address Search” means Administrator’s investigation and search for current Aggrieved Employee mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces and direct contact by the Administrator with Aggrieved Employees.
- 1.6 “Court” means the Superior Court of California, County of Los Angeles.
- 1.7 “Defense Counsel” means Nicole Sheth of Kaufman Borgeest & Ryan LLP.
- 1.8 “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final. The Judgment is final as of the day the Court enters Judgment.
- 1.9 “Gross Settlement Amount” means Twenty Thousand Dollars (\$20,000) which is the total amount NO STATIC agrees to pay under the Settlement. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, and PAGA Counsel Litigation Expenses Payment.
- 1.10 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.

- 1.11 “Judgment” means the judgment entered by the Court based upon the Approval Order.
- 1.12 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subdivision (i).
- 1.13 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subdivision (i).
- 1.14 “PAGA Counsel” means Aaron N. Colby and Zoe Yuzna of Colby Law Firm, PC, the attorneys representing the Plaintiff in the Action.
- 1.15 “PAGA Counsel Fees Payment” and “PAGA Counsel Litigation Expenses Payment” mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.16 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for NO STATIC for at least one day during the PAGA Period.
- 1.17 “PAGA Period” means the period from July 17, 2022 to November 3, 2023.
- 1.18 “PAGA” means the Private Attorneys General Act (Lab. Code, § 2698. et seq.).
- 1.19 “PAGA Notice” means Plaintiff’s July 17, 2023 letter to NO STATIC and the LWDA providing notice pursuant to Labor Code section 2699.3, subdivision (a).
- 1.20 “PAGA Penalties” means the Gross Settlement Amount, less the Court-approved PAGA Counsel Fees and PAGA Counsel Litigation Expenses Payment. The PAGA Penalties represents the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$3,331.25) and the 75% to LWDA (\$9,993.75) in settlement of PAGA claims.
- 1.21 “Plaintiff” means Mariah Hernandez, the named plaintiff in the Action.

- 1.22 “Approval Order” means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.23 “Released PAGA Claims” means the claims being released by the Plaintiff and PAGA Counsel and as described in Paragraph 5 below.
- 1.24 “Released Parties” means NO STATIC and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, reinsurers, predecessors, successors, assigns, subsidiaries, and affiliates.
- 1.25 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.
- 1.26 “NO STATIC” means named Defendant No Static Pro Audio, Inc.

2. RECITALS.

- 2.1 On August 4, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against NO STATIC for various violations of the California Labor Code. On September 28, 2023, Plaintiff filed a First Amended Complaint adding a twelfth representative cause of action for civil penalties under the Private Attorneys General Act (the “Operative Complaint”). NO STATIC denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint and denies any and all liability for the causes of action alleged.
- 2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to NO STATIC and the LWDA by sending the PAGA Notice.
- 2.3 On October 24, 2023, the Parties participated in an all-day mediation presided over by Joe Lovretovich which led to this Agreement to settle the Action.
- 2.4 Prior to mediation, Plaintiff obtained, through informal discovery, facts and documents relating to Plaintiff’s claims and NO STATIC’s defenses.
- 2.5 The Parties, PAGA Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

- 3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, NO STATIC promises to pay Twenty Thousand Dollars (\$20,000) and no more as the Gross Settlement Amount. NO STATIC has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to NO STATIC.

3.2 Payments from the Gross Settlement Amount. NO STATIC will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Approval Order:

3.2.1 To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 33% of the Gross Settlement Amount, which is currently estimated to be \$6,600, and PAGA Counsel Litigation Expenses Payment of not more than \$75. NO STATIC will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, NO STATIC will allocate the remainder to the PAGA Penalties. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds NO STATIC harmless, and indemnifies NO STATIC, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.2 There will not be any administration costs/expenses because PAGA Counsel will be handling administration due to the small number of Aggrieved Employees (12).

3.2.3 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$13,325.00 to be paid from the Gross Settlement Amount, with 75% (\$9,993.75) allocated to the LWDA PAGA Payment and 25% (\$3,331.25) allocated to the Individual PAGA Payments.

3.2.3.1 PAGA Counsel as Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$3,331.25) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the resulting figure by each individual Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.3.2 Individual PAGA Payments will be reported by the Administrator on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Aggrieved Employee Pay Periods. Based on a review of its records to date, NO STATIC estimates there are 12 Aggrieved Employees who worked a total 218 of PAGA Pay Periods.

4.2 Aggrieved Employee Data. Within 15 days after the Effective Date, NO STATIC will simultaneously deliver the Aggrieved Employee Data to Administrator in the form of a

Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose and restrict access to the Aggrieved Employee Data to Administrator. NO STATIC shall notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which NO STATIC must send the Aggrieved Employee Data to NO STATIC, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3 Funding of Gross Settlement Amount. NO STATIC shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 30 days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within 14 days after NO STATIC funds the Gross Settlement Amount, Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the PAGA Counsel Fees Payment and the PAGA Counsel Expenses Payment. Disbursement of the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment shall not precede disbursement of Individual PAGA Payments.

4.4.1 Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check, Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.

4.4.3 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.

4.4.4 The payment of Individual PAGA Payments shall not obligate NO STATIC to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when NO STATIC fully funds the entire Gross Settlement Amount, Plaintiff and Aggrieved Employees will release claims against all Released Parties as follows:

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

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

- 5.3 Release by PAGA Counsel: PAGA Counsel release on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Operative Complaint and the facts stated in the Operative Complaint and the PAGA Notice.

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

- 6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code section 2699, subdivision (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Lab. Code, §2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2)); (iii) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or Administrator. In their Declarations, Plaintiff and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2 Responsibilities of PAGA Counsel. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the application or motion for approval of this Settlement no later than 15 days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion.
- 6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

- 7.1 Selection of Administrator. The Parties have agreed PAGA Counsel shall serve as administrator and verified that, as a condition of appointment, PAGA Counsel agrees to be bound by this Agreement and to perform, as a fiduciary all duties specified in this Agreement.
- 7.2 Employer Identification Number. Administrator shall use its own Employer

Identification Number for purposes of providing reports to state and federal tax authorities.

8. AGGRIEVED EMPLOYEE SIZE ESTIMATES

Based on its records, NO STATIC estimates that, as of the date of this Settlement Agreement, there are 12 Aggrieved Employees who worked 218 Pay Periods during the PAGA Period.

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

9.1 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the PAGA Penalties.

10. ADDITIONAL PROVISIONS.

10.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by NO STATIC that any of the allegations in the Operative Complaint have merit or that NO STATIC has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that NO STATIC's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If for any reason the Court does not approve this Settlement, NO STATIC reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest NO STATIC's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

10.2 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants or inducements made to or by any Party.

- 10.3 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and NO STATIC, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 10.4 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become

necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

- 10.5 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered or purported to assign, transfer or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action or right released and discharged by the Party in this Settlement.
- 10.6 No Tax Advice. Neither Plaintiff, PAGA Counsel, NO STATIC nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 10.7 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 10.8 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 10.9 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 10.10 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 10.11 Confidentiality. To the extent permitted by law, all agreements made and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 10.12 Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by NO STATIC in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute or California Rules of Court rule. Not later than 90 days after NO STATIC discharges its obligation to pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from NO STATIC unless, prior to NO STATIC's payment of all Settlement Funds, NO STATIC makes a written request to PAGA Counsel for the return, rather than the destruction, of Aggrieved Employee Data.

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

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

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

To Plaintiff:

Aaron Colby
COLBY LAW FIRM, PC
13263 Ventura Boulevard, Suite #203
Studio City, California 91604

To NO STATIC:

Nicole Sheth
KAUFMAN BERGEEST & RYAN LLP
21700 Oxnard Street, Suite 1450
Woodland Hills, California 91367

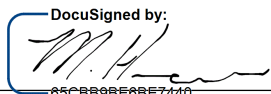
10.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

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10.17 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

DocuSigned by:


 Mariah Hernandez For Plaintiff

11/9/2023

 (date)



Aaron N. Colby, Counsel For Plaintiff

November 9, 2023

 (date)

 _____ For NO STATIC

 (date)

Nicole Sheth, Counsel For NO STATIC

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10.17. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

Mariah Hernandez For Plaintiff

(date)

 For NO STATIC
11/13/2023

(date)

Aaron N. Colby, Counsel For Plaintiff

(date)



Nicole Sheth, Counsel For NO STATIC

November 13, 2023

(date)