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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

VENANCIO CARRERA, as an individual and
on behalf of all others similarly situated,

Plaintiffs,

vs.

TRAIL LINES, INC., a California
corporation; and DOES 1 through 100,
inclusive,

Defendants.

Case No. 23STCV23347

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

**DECLARATION OF SCOTT M.
LIDMAN IN SUPPORT OF MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT**

Date: January 15, 2025
Time: 9:00 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 Venancio Carrera (“Plaintiff”) and the proposed Settlement Class 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

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 and the proposed Settlement Class, I have been
12 intimately involved in every aspect of this case from its inception through the present, and I
13 believe that the proposed Settlement is a favorable result for the Settlement Class Members under
14 the circumstances presented.

15 10. Defendants Trail Lines, Inc. (hereinafter referred to as “Trail Lines” or
16 “Defendant”) specializes in less-than-truckload (LTL) and truckload services from California to
17 all points in the continental United States and Canadian provinces. On September 26, 2023,
18 Plaintiff filed a putative class action complaint against Trail Lines, Inc. in Los Angeles County
19 Superior Court. On September 26, 2023, Plaintiff sent a letter to the California Labor Workforce
20 Development Agency (“LWDA”) regarding Defendant’s alleged Labor Code violations and
21 Plaintiff’s intent to bring a claim for civil penalties under the Labor Code Private Attorneys
22 General Act (“PAGA”). After exhausting his administrative requirements under the PAGA, on
23 December 4, 2023, Plaintiff filed a First Amended Class Action and Representative Complaint
24 alleging causes of action for: (1) failure to pay all minimum wages owed; (2) failure to provide
25 accurate, itemized wage statements; (3) failure to reimburse necessary business expenses; (4)
26 unlawfully deducting from employees’ wages; (5) failure to pay all wages upon termination; (6)
27 engagement in unlawful business practices; and (7) liability for civil penalties under the Private
28 Attorneys General Act of 2004 (“PAGA”). A true and correct copy of Plaintiff’s LWDA letter is

1 attached hereto as **Exhibit 1**.

2 11. After agreeing to participate in private mediation, Trail Lines informally produced
3 a sampling of timekeeping and payroll data for the putative class, as well as its wage and hour
4 policies and other documents and information relevant to the claims alleged. Trail Lines provided
5 sufficient information for Plaintiff to calculate the necessary metrics, including without limitation,
6 class size, number or workweeks, and pay periods.

7 Specifically, Plaintiff received driver pay statements and trip cost reports for the Class
8 Members. The statistical analysis of the data was used for the limited purpose of determining the
9 predominance of deductions from wages in support of Plaintiff's claims that Trail Lines
10 maintained policies and practices during the relevant time period of making unlawful deductions
11 from workers' wages. Indeed, based on the data produced which included driver pay statements,
12 Plaintiff was able to conduct an analysis and conclude that Trail Lines's made deductions from
13 workers' wages during the entire relevant time period. The Settlement Class members did similar
14 work and were paid under the same wage and hour policies and procedures. Further, if all
15 Settlement Class members brought lawsuits for unpaid wages and/or unlawful deductions, they
16 would rely on records similar to the ones in this sampling which also supports a finding that the
17 sampling is statistically reliable.

18 After the detailed review of the payroll and time records for the putative class and other
19 documents and policies produced by Trail Lines, Class Counsel drew on their extensive
20 experience in similar cases to assess the strengths and weaknesses of Plaintiff's case. This
21 discovery allowed the parties to assess the merits and value of Plaintiff's claims and Trail Lines's
22 defenses thereto, if a settlement could not be reached.

23 12. On July 17, 2024, a mediation was held with Todd Smith, Esq., a well-respected
24 wage and hour class action mediator. During mediation, the parties vigorously debated their
25 opposing legal positions, the likelihood of certification of Plaintiff's claims, and the legal basis
26 for the claims and defenses. Additionally, the Parties discussed at mediation the fact that in 2022,
27 after the filing of and in direct response to this lawsuit, Trail Lines conducted a "*Pick Up Stix*"
28 campaign in which it offered individual settlement payments directly to its current employees in
exchange for a release of claims. In total, Trail Lines paid \$21,750.00 to 63 of its 69 former

drivers within the Settlement Class in exchange for releases. Further, Trail Lines asserted that it no longer used independent contractor drivers in the state of California.

The Parties ultimately agreed to a mediator's proposal and agreed in principle on a class-wide resolution, which takes into account the amount already paid by Trail Lines as a direct result of this litigation. In the weeks that followed, the parties finalized the terms of settlement and executed the Class Action and PAGA Settlement Agreement ("Settlement"). A true and correct copy of the Settlement is attached hereto as **Exhibit 2**. A true and correct copy of a redlined comparison of the LASC's model agreement with the Settlement in this matter is attached hereto as **Exhibit 3**.

13. If the Court approves this Settlement, Defendant will pay a Total Settlement Amount ("TSA") of \$381,750.00. Significantly, this Settlement is non-reversionary, and no Settlement Class member will have to submit a claim form to receive a Settlement Award. Each Settlement Class member will automatically receive a Settlement Award unless he or she affirmatively opts out of the Settlement. The monetary terms of the Settlement are summarized below:

Total Settlement Amount ("TSA"):	\$381,750.00
New Settlement Money:	\$360,000.00
Minus Court-approved attorneys' fees (1/3 of the TSA based on catalyst theory):	\$127,250.00
Minus Court-approved, verified costs (up to \$30,000.00):	\$30,000.00
Minus Court-approved Class Representative Service Award:	\$7,500.00
Minus Settlement Administration Costs:	\$5,995.00
Minus PAGA payment to the LWDA:	\$15,000.00
Net Settlement Amount ("NSA"):	\$196,005.00
Settlement Class Members	69
Average Individual Payment: NSA/Settlement Class	\$2,840.65

1 Defendants shall fund the New Settlement Money within 30 calendar days of the Effective
2 Date. “Effective Date” means the date by when both of the following have occurred” (a) the
3 Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the
4 Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no
5 Participating Class Members object to the Settlement, the day the Court enters Judgment; or
6 (b) if one or more Participating Class Members objects to the Settlement, the day after the
7 deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the
8 Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

9 After deducting amounts for the Court-approved attorneys’ fees and verified costs,
10 Service Award to Plaintiff, Settlement Administrator costs, and the PAGA payment to the
11 LWDA, the Settlement requires Trail Lines to pay a Net Settlement Amount (“NSA”) of at least
12 \$196,005.00 to all Settlement Class members who do not timely opt out – including the
13 \$21,750.00 previously paid by Trail Lines (“*Pick-Up-Stix* Settlement Amount”). The average
14 individual payment is \$2,840.65 as a direct result of this litigation (assuming all Settlement Class
15 members worked the same length of time).

16 14. According to Defendant, there are approximately 69 total Settlement Class
17 members defined as:

18 All individuals whom Defendant Trail Lines, Inc. classified as independent
19 contractors and who worked for Defendant in California at any time during
20 the Class Period.

21 Class Period means the period of time starting on September 26, 2019 and
22 ending on the date that the Court enters an order preliminarily approving
23 the Settlement.

24 In addition, Aggrieved Employees is defined as: “all individuals whom Defendant Trail
25 Lines, Inc. classified as independent contractors and who worked for Defendant in California at
26 any time during the PAGA Period.” For purposes of this Settlement Agreement, the “PAGA
27 Period” shall mean the period of time starting on September 26, 2022 and the date that the Court
28 grants preliminary approval of the Settlement.

1 When taking into account the *Pick-Up-Stix* Settlement Amount, the average Individual
2 Class Settlement Payment is \$2,840.65 as a direct result of this litigation.

3 15. Settlement Class members' claims arise from Defendants' common, uniform
4 policies and practices that applied to Settlement Class members during the class period.
5 Specifically, Plaintiff alleged that Trail Lines's common and uniform policies and practices
6 resulted in the following violations: (1) failure to pay all minimum wages owed; (2) failure to
7 provide accurate, itemized wage statements; (3) failure to reimburse necessary business
8 expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon
9 termination; (6) engagement in unlawful business practices; and (7) liability for civil penalties
10 under the PAGA.

11 16. As described in the accompanying Motion for Preliminary Approval, Plaintiff
12 alleges that he and the Settlement Class were misclassified as independent contractors and thus
13 were not compensated at least minimum wage for all hours worked. Specifically, Plaintiff alleges
14 that he and the Settlement Class were employees because Trail Lines exercised a great amount
15 of control over the drivers in performance of their work and the drivers performed work which
16 is within Trail Lines's usual course of business. As such, Plaintiff and Settlement Class Members
17 were not separately compensated for time spent working on tasks unrelated to driving, including,
18 without limitation, time spent on pre- and post-trip truck inspections, time spent fueling the
19 trucks, time spent completing paperwork, and time spent maintaining or washing the trucks. As
20 a result, Trail Lines failed to pay Plaintiff and Settlement Class Members all minimum wages
21 owed. As a result, Trail Lines failed to pay Plaintiff and Settlement Class Members all minimum
22 wages owed. With a total of 3,022.32 workweeks at issue for the Settlement Class Members,
23 Plaintiff calculated the potential exposure for the minimum wage claim at \$136,004.40 (3022.32
24 workweeks x 3 hours per week of unpaid minimum wage x \$15 average minimum wage).

25 17. Defendant contends that the Settlement Class was properly classified as
26 independent contractors and was compensated appropriately based on the Contractors Operating
27 Agreement. Additionally, Trail Lines contends that even if the drivers were employees, they
28 were still compensated for all minimum wages owed because they were paid for stops and miles

1 and the stop pay included pay for all activities related to a delivery, including pre- and post-trip
2 truck inspections, time spent fueling the trucks, time spent completing paperwork, and time spent
3 maintaining or washing the trucks. Lastly, Trail Lines contends that it entered into valid and
4 enforceable release agreements with 63 of the 69 class members, such that there cannot be any
5 liability at all for alleged unpaid minimum wages. Accordingly, Plaintiff discounted the
6 maximum exposure by 30% for the risk of non-certification, and an additional 85% to account
7 for Trail Lines's defenses on the merits to arrive at an estimated exposure of \$14,280.46.

8 18. Plaintiff alleges that Trail Lines failed to reimburse the Settlement Class for all
9 business expenses incurred and/or deducted various items from the Settlement Class's pay.
10 Specifically, Trail Lines made various deductions from the pay owed to Settlement Class Members
11 before ultimately paying them and required that Settlement Class Members incur significant
12 expenses in order to perform their duties such as equipment charges, OCAC premiums, fuel
13 charged to Trail Lines's discount account, insurance, taxes and licensing. Accordingly, Plaintiff
14 calculated Trail Lines's maximum exposure for the alleged unlawful deductions to be
15 approximately \$3,000,000.00.

16 19. Trail Lines counters that any deductions from wages were lawful and were required
17 or empowered by state or federal law. Trail Lines asserts that any deductions from wages were
18 expressly authorized in writing by Plaintiff and the Settlement Class. Trail Lines further asserts
19 that AB5 does not apply because it qualifies for the business-to-business exception, meaning that
20 the Borello test applies which it contends it can satisfy; as such, any deductions were appropriate
21 because the Settlement Class Members were indeed independent contractors. Lastly, Trail Lines
22 contends that it entered into valid and enforceable release agreements with 63 of the 69 class
23 members, such that there cannot be any liability at all for alleged unreimbursed expenses.
24 Accordingly, Plaintiff discounted the maximum exposure by 30% for the risk of non-certification,
25 and an additional 85% to account for Trail Lines's defenses on the merits to arrive at an estimated
26 exposure of \$126,937.44.

27 20. Plaintiff further alleges that Trail Lines issued inaccurate wage statements in
28 violation of Labor Code section 226 as a result of the alleged unpaid minimum wages and unlawful

deductions described above. Plaintiff also contends that this conduct violated Labor Code section 226(a) because the wage statements issued to Settlement Class Members did not include all hours worked and the rate at which they were being paid. Plaintiff's data analysis reflected that there were approximately 1,187 wage statements issued during the relevant time period. Therefore, Plaintiff calculated Trail Lines's maximum exposure for wage statement violations at approximately \$116,600.00 (1,187.5 settlement statements x \$50 for first violation and \$100 for subsequent violations).

21. Trail Lines argues that its alleged wage statement violations could not be shown to be "knowing and intentional," and that Plaintiff cannot show that he or any other employee "suffer[ed] injury" as a result of the alleged wage statement violations, as required by Lab. Code § 226(e) for imposition of penalties. Trail Lines further asserts that AB5 does not apply because it qualifies for the business-to-business exception, meaning that the *Borello* test applies which it contends it can satisfy; as such, it was not required to issue 226-compliant statements because the Settlement Class Members were indeed independent contractors. Lastly, Trail Lines contends that it entered into valid and enforceable release agreements with 63 of the 69 class members, such that there cannot be any liability at all for alleged unlawful wage statements. As such, Plaintiff discounted the calculated exposure by 30% for a risk of non-certification and an additional 85% for a risk of being unsuccessful on the merits, to arrive at an estimated total of \$12,243.00.

22. Plaintiff alleges that Trail Lines is also liable for waiting time penalties under Labor Code section 203 as a result of its failure to timely pay all wages upon separation. All 69 Settlement Class Members who have separated their employment during the relevant time period. Therefore, Plaintiff calculated Trail Lines's maximum exposure for waiting time penalties at approximately \$579,600.00 (\$35.00 average hourly rate x 8 hours a day x 30 days x 69 drivers).

23. Trail Lines asserts it has strong defenses to the waiting time claim because there exist good-faith disputes as to Plaintiff's underlying claims, precluding imposition of penalties. Trail Lines further asserts that AB5 does not apply because it qualifies for the business-to-business exception, meaning that the *Borello* test applies which it contends it can satisfy; as such, Labor Code section 203 does not apply because the Settlement Class Members were indeed

1 independent contractors. Lastly, Trail Lines contends that it entered into valid and enforceable
2 release agreements with 63 of the 69 class members, such that there cannot be liability under
3 Labor Code section 203 for most of the group. Accordingly, Plaintiff discounted the maximum
4 exposure by 30% for the risk of non-certification, and an additional 75% to account for Trail
5 Lines's defenses on the merits, to arrive at an estimated exposure of \$101,430.00.

6 24. Plaintiff also seeks civil penalties under the PAGA as a result of the foregoing
7 alleged Labor Code violations. Specifically, pursuant to Labor Code section 226.8(b)-(c), the
8 potential civil penalty for misclassifying employees as independent contractors can be between
9 \$5,000 and \$15,000 per violation. With 69 total class members, Plaintiff calculated Trail Lines's
10 potential PAGA exposure to be approximately \$1,035,000 (\$15,000 x 69 class members). Further,
11 Plaintiff contends that any settlement agreements entered into with class members would be
12 invalid as to the PAGA claim since the individuals did not hold the right to said claim.

13 25. Trail Lines argues that Plaintiff's PAGA claim will fail for the same reasons that
14 his underlying claims will fail. Trail Lines also maintains that, given its good faith defenses, this
15 Court would exercise its discretion to substantially reduce any PAGA penalties if it were to find
16 Trail Lines liable for any of Plaintiff's claims, and would start the reduction at the \$5,000 exposure
17 rather than \$15,000 exposure per violation. Therefore, Plaintiff discounted the maximum
18 exposure figure by 35% for a risk of being unsuccessful on the merits, and an additional 55% to
19 account for the possibility of this Court reducing penalties, to arrive at an estimated exposure of
20 \$302,737.50.

21 26. Using these estimated figures for each of the claims described above, Plaintiff
22 predicted the realistic total recovery for the Settlement Class would be approximately
23 \$675,228.40. The proposed settlement of \$381,750.00 therefore represents approximately 56.5%
24 of the reasonably forecasted minimum recovery for the Settlement Class. Preliminary approval
25 is appropriate as the settlement will provide tangible monetary relief to Settlement Class
26 Members, and will still provide an average recovery to Settlement Class Members of over \$2,800.

27 27. Here, Class Counsel will also apply for an attorneys' fees award of one-third of
28 the GSA, which is currently estimated to be \$127,250.00, and up to \$30,000.00 in verified costs

1 reimbursement. Plaintiff submits the requested fee is fair compensation for undertaking
2 complex, risky, expensive, and time-consuming litigation on a purely contingent fee basis. Class
3 Counsel has incurred substantial attorney fees conducting pre-filing investigation, analyzing
4 Plaintiff's claims, conducting legal research, reviewing pages of Trail Lines's documents and
5 policies, analyzing Settlement Class members' timekeeping data and payroll records, preparing
6 for and attending mediation, negotiating and revising the long-form Settlement, preparing this
7 Motion, and otherwise litigating the case. Class Counsel expect to expend additional attorney
8 time in attending the hearing on this Motion, overseeing the Notice process and fielding
9 questions from Settlement Class members, preparing the final approval papers, and attending the
10 Final Approval hearing.

11 28. Plaintiff has provided written approval of the split of attorneys' fees in this action.

12 29. Plaintiff will seek a service award of \$7,500.00 at the time of seeking final
13 approval, and I believe this is reasonable. As will be fully briefed at the time of final approval,
14 Plaintiff's requested service award is intended to recognize the time and effort Plaintiff expended
15 on behalf of the Settlement Class, including providing substantial factual information and
16 documents to Class Counsel, attending multiple meetings with Class Counsel to discuss the
17 claims and theories at issue in the litigation, as well as the significant risks Plaintiff undertook
18 by agreeing to serve as the named plaintiff in this case, and the fact that Plaintiff has agreed to a
19 general release of all claims subject to a waiver of Civil Code § 1542.

20 30. There are no apparent conflicts of interest between Plaintiff and the Settlement
21 Class he seeks to represent.

22 31. Although the parties engaged in informal discovery throughout this action, the
23 parties still had significant discovery to complete in formal litigation had the matter not settled.
24 Moreover, Plaintiff still had to file for class certification, and faced the prospect of appeals in the
25 wake of a disputed class certification ruling for Plaintiff and/or an adverse summary judgment
26 ruling based, at least in part, on the settlement agreements entered into with 63 of the 69 class
27 members. Even if the classes were certified, the parties would incur considerably more attorneys'
28 fees and costs through a possible decertification motion, trial, and possible appeal.

1 32. I have directed my office to submit a copy of the instant Motion for Preliminary
2 Approval and all supporting documents via the LWDA's website on the same date concurrently
3 herewith and will have a supplemental proof of service filed after the Motion for Preliminary
4 Approval and all supporting documents are submitted to the LWDA.

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

7 Executed on November 5, 2024 at El Segundo, California.

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Scott M. Lidman

EXHIBIT 1

EXHIBIT 1

LIDMAN LAW

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

OFFICE: (424) 322-4772

FAX: (424) 322-4775

September 26, 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**

Trail Lines, Inc.
c/o Iris Bella Spivak, Agent for Service of
Process
24730 Calvert Street
Woodland Hills, CA 91367

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

Trail Lines, Inc.
9415 Sorenson Ave.
Santa Fe Springs, CA 90670

Re: *Venancio Carrera v. Trail Lines, Inc.*

To Whom It May Concern:

Please be advised that this law firm represents Venancio Carrera (“Plaintiff”) in claims arising from his employment with Trail Lines, Inc., a California corporation (“Defendant”). Plaintiff 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 drivers working for Defendant in California and whom Defendant classified as independent contractors, at least in part, during the one year immediately preceding the date of this letter through the present date, and continuing through a civil judgment if the LWDA takes no action and Plaintiff files a civil lawsuit seeking civil penalties.

Defendant did (and continue to do) business by specializing in LTL and Truckload services from California to all points in the continental United States and Canadian provinces. Established in 1994, its main focus is the transportation of fine furnishings, commercial fixtures and general commodities, but it also handles sensitive, special care goods such as electronics and other high value cargo.

Plaintiff, a former employee, was employed by Defendant as a delivery driver from March 2021 until on or around May 18, 2022. During his employment, Plaintiff was a delivery driver performing various job duties, including without limitation, transporting trailers full of furniture.

During his employment, Defendant unlawfully and willfully misclassified Plaintiff and the aggrieved employees as independent contractors. Thus, Defendant willfully and wrongfully denied Plaintiff and the aggrieved employees of their rights to the protections afforded to employees under the California Labor Code and applicable Wage Order of the Industrial Welfare Commission. Indeed,

Plaintiff is informed and believes, and based thereon alleges, that, during all relevant times herein mentioned, Defendant knew or should have known that it had a duty to properly classify Plaintiff and the aggrieved employees as employees, and properly compensate the aggrieved employees, and that Defendant had the financial ability to do so and pay such compensation, but willfully, knowingly, and intentionally failed to do so in order to increase its profits.

Plaintiff and the other aggrieved employees provide(d) trucking/delivery services which are directly part of Defendant's regular business as a transportation/delivery company. The services they provide to Defendant are the kind of work typically done by an employee under the direction of an employer. Defendant maintains a yard in Santa Fe Springs, California, which serves as the base of operations for Plaintiff and other aggrieved employees.

In connection with their employment with Defendant, Plaintiff and other aggrieved employees would be required to provide their own trucks and would deliver trailers. Plaintiff would be required to unload the furniture being delivered. His trips could often take days at a time, and he would often be required to drive through different states. Defendant controlled and directed Plaintiff and the other aggrieved employees in connection with the performance of their work, in terms of when and how to pick up the trailers, when and how to pick up and make deliveries, and how to otherwise perform their job duties.

While unlawfully and willfully misclassified by Defendant as independent contractors, Plaintiff and the and other aggrieved employees were/are paid on a mileage and stop basis. As a result, Plaintiff and the and other aggrieved employees were not separately compensated for time spent working on tasks unrelated to driving, including, without limitation, time spent on pre- and post-trip truck inspections, time spent fueling the trucks, time spent completing paperwork and time spent maintaining/washing the trucks. As a result, Plaintiff and other aggrieved employees were not paid at least the minimum wage for all hours worked.

As a result of Defendant's failure to pay all minimum wages, Defendant maintained inaccurate payroll records and issued inaccurate wage statements to Plaintiff. Nevertheless, because Defendant misclassified Plaintiff as an independent contractor, it failed to provide him with any accurate wage statements as required by Labor Code section 226.

Defendant also failed to reimburse Plaintiff for necessary business expenses incurred throughout the relevant time period. Defendant required their drivers who were misclassified as independent contractors, including Plaintiff, to pay for, among other things, expenses related to the purchase of Defendant's trucks, insurance fees/costs, equipment repair costs, maintenance, unloaded mileage, tolls, licensing, fuel and taxes. Despite these requirements, Defendant did not reimburse Plaintiff for incurring these necessary business expenses in violation of California law. Further, Defendant illegally deducted such expenses from wages owed, in further violation of California law.

As a further result of Defendant's failure to pay all minimum wages, Defendant failed to pay all wages owed to Plaintiff upon separation of his employment with Defendant.

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

Willful Misclassification as Independent Contractors (Labor Code section 226.8)

Labor Code section 226.8(a)(1) makes it unlawful for any person or employer to engage in the willful misclassification of an individual as an independent contractor. Labor Code section 226.8(i)(4) defines “willful misclassification” as “avoiding employee status for an individual by voluntarily and knowingly misclassifying that individual as an independent contractor.”

Labor Code section 2750.3 provides the legal framework for determining whether a person providing labor or services for remuneration is an employee or independent contractor. Pursuant to Labor Code section 2750.3:

“...a person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates that all of the following conditions are satisfied:

- (A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.
- (B) The person performs work that is outside the usual course of the hiring entity’s business.
- (C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.” (Cal. Labor Code § 2750.3).”

As alleged herein, Defendant exercises a great amount of control over the aggrieved employees in the performance of their work. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(A) are satisfied with respect to the employment of the aggrieved employees.

As alleged herein, the aggrieved employees perform work which is within the Defendant’s usual course of business. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(B) are satisfied with respect to the employment of the aggrieved employees.

As alleged herein, the aggrieved employees are not customarily engaged in the business of providing delivery services. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(C) are satisfied with respect to the employment of the aggrieved employees.

Because Defendant cannot demonstrate that any of the conditions set forth in Labor Code section 2750.3(A-C) are satisfied with respect to the employment of the aggrieved employees, the aggrieved employees should have been properly classified as employees entitled to the protections and benefits of the California Labor Code and applicable IWC Wage Orders.

Pursuant to Labor Code section 226.8(b):

“If the Labor and Workforce Development Agency or a court issues a determination that a person or employer has engaged in any of the enumerated violations of subdivision (a), the person or employer shall be subject to a civil penalty of not less than five thousand dollars (\$5,000) and not more than fifteen thousand dollars (\$15,000) for each violation, in addition to any other penalties or fines permitted by law.”

Pursuant to Labor Code section 226.8(c):

“If the Labor and Workforce Development Agency or a court issues a determination that a person or employer has engaged in any of the enumerated violations of subdivision (a) and the person or employer has engaged in or is engaging in a pattern or practice of these violations, the person or employer shall be subject to a civil penalty of not less than ten thousand dollars (\$10,000) and not more than twenty-five thousand dollars (\$25,000) for each violation, in addition to any other penalties or fines permitted by law.”

Defendant has engaged, and continues to engage in an unlawful pattern and practice of avoiding employee status for the aggrieved employees by voluntarily, knowingly, and willfully misclassifying those individuals as independent contractors, in violation of Labor Code section 226.8(a)(1).

Unlawful Fees and Deductions (Labor Code section 226.8)

Pursuant to Labor Code section 226.8(a)(2): “It is unlawful for any person or employer to engage in any of the following activities: ...

- (2) Charging an individual who has been willfully misclassified as an independent contractor a fee, or making any deductions from compensation, for any purpose, including for goods, materials, space rental, services, government licenses, repairs, equipment maintenance, or fines arising from the individual’s employment where any of the acts described in this paragraph would have violated the law if the individual had not been misclassified.” (Cal. Labor Code § 226.8(a)).”

Labor Code section 226.8(i)(4) defines “willful misclassification” as “avoiding employee status for an individual by voluntarily and knowingly misclassifying that individual as an independent contractor.”

As alleged herein, Defendant exercises a great amount of control over the aggrieved employees in the performance of their work. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(A) are satisfied with respect to the employment of the aggrieved employees.

As alleged herein, the aggrieved employees perform work which is within the Defendant’s usual course of business. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(B) are satisfied with respect to the employment of the aggrieved employees.

As alleged herein, the aggrieved employees are not customarily engaged in the business of providing delivery services. As a result, Defendant cannot demonstrate that the conditions set forth in Labor Code section 2750.3(C) are satisfied with respect to the employment of the aggrieved employees.

Because Defendant cannot demonstrate that any of the conditions set forth in Labor Code section 2750.3(A-C) are satisfied with respect to the employment of the aggrieved employees, the aggrieved employees should have been properly classified as employees entitled to the protections and benefits of the California Labor Code and applicable IWC Wage Orders.

Plaintiff is informed and believes, and based thereon alleges, that Defendant has a policy and practice of charging aggrieved employees unlawful fees and making unlawful deductions from their compensation, in violation of Labor Code section 226.8(a)(2).

Pursuant to Labor Code section 226.8(b):

“If the Labor and Workforce Development Agency or a court issues a determination that a person or employer has engaged in any of the enumerated violations of subdivision (a), the person or employer shall be subject to a civil penalty of not less than five thousand dollars (\$5,000) and not more than fifteen thousand dollars (\$15,000) for each violation, in addition to any other penalties or fines permitted by law.”

Pursuant to Labor Code section 226.8(c):

“If the Labor and Workforce Development Agency or a court issues a determination that a person or employer has engaged in any of the enumerated violations of subdivision (a) and the person or employer has engaged in or is engaging in a pattern or practice of these violations, the person or employer shall be subject to a civil penalty of not less than ten thousand dollars (\$10,000) and not more than twenty-five thousand dollars (\$25,000) for each violation, in addition to any other penalties or fines permitted by law.”

As alleged herein, Defendant has engaged, and continues to engage in an unlawful pattern and practice of charging unlawful fees and making unlawful deductions from the aggrieved employees' compensation, after voluntarily, knowingly, and willfully misclassifying those individuals as independent contractors, in violation of Labor Code section 226.8(a)(2).

Minimum Wage Violations

Defendant was required to pay Plaintiff 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, 1197.1; The Wage Order 9, § 4. Plaintiff and other aggrieved employees were not paid for all hours worked due to Defendant's practice of paying their employees misclassified as independent contractors on a piece-rate basis, which deprive them of pay for all hours worked. As alleged above, Defendant caused Plaintiff and other aggrieved employees to work hours in a workweek but did not properly compensate them at least minimum wages for all such hours, due to Defendant's unlawful piece-rate compensation plan. These practices by Defendant resulted in Defendant not paying Plaintiff for all wages owed for the work he performed, including failing to pay him all required minimum wages.

Failure to Reimburse Business Expenses

Defendant failed to reimburse Plaintiff and other aggrieved employees for necessary work expenses, including, but not limited to, expenses related to the purchase of Defendant's trucks, insurance fees/costs, equipment repair costs, maintenance, unloaded mileage, tolls, licensing, fuel and taxes. 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.”) Plaintiff and other aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

Unlawful Deductions from Wages

Defendant unlawfully deducted from the wages rightfully and lawfully owed to Plaintiff and other aggrieved employees for various work expenses. Defendant's policy of deducting from wages owed for work-related expenses is in violation of Labor Code § 221. Plaintiffs and other aggrieved employees are therefore entitled to reimbursement of such unlawfully deducted wages.

Wage Statement Violations

Defendant knowingly and intentionally, as a matter of uniform practice and policy, failed to furnish Plaintiff and other aggrieved employees with accurate and complete, itemized wage statements that included, among other requirements, all minimum wages earned, total gross wages earned, total net wages earned, in violation of Labor Code § 226 *et seq.* Defendant's failure to furnish Plaintiff and other 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 wages earned, and deprived them of the information necessary to identify discrepancies in Defendant's reported data.

Failure To Timely Pay All Wages During Employment

During Plaintiff's employment with Defendant, Defendant failed to timely pay wages in violation of Labor Code § 204. Defendant's policies and procedures failed to pay piece-rate pay among other wages earned twice during each calendar month. As a result, Defendant failed to timely pay Ms. De Jesus Hernandez and other aggrieved employees all wages earned in violation of Labor Code § 204.

Waiting Time Penalties

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Defendant failed to timely pay Plaintiff and other aggrieved employees all of their final wages at the time of separation, which included, among other things, underpaid minimum wages.

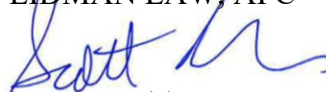
As an "aggrieved employee," Plaintiff will initiate a civil action on behalf of himself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on Plaintiff's own investigation, and on information and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

- a) Defendant violated Labor Code §226.8 by engaging in, and continuing to engage in, an unlawful practice of avoiding employee status for the aggrieved employees by voluntarily, knowingly and willfully misclassifying those individuals as independent contractors;
- b) Defendant violated Labor Code §226.8 by engaging, and continuing to engage in, an unlawful pattern and practice of charging unlawful fees and making unlawful deductions from the aggrieved employees' compensation, after voluntarily, knowingly and willfully misclassifying those individuals as independent contractors;

- c) Defendant violated Labor Code §§ 1194, 1194.2, and 1197 by failing to pay Plaintiffs and other aggrieved employees the statutory minimum wage for all hours worked;
- d) Defendant violated Labor Code § 226 by failing to furnish Plaintiffs and other aggrieved employees with accurate and compliant itemized wage statements;
- e) Defendant violated Labor Code §§ 204 and 210 by failing to pay Plaintiffs and other aggrieved employees all earned wages at least twice during each calendar month;
- f) Defendant violated Labor Code § 1174 by failing to maintain accurate records on behalf of Plaintiffs and other aggrieved employees;
- g) Defendant violated Labor Code § 2802 by failing to reimburse Plaintiffs and other aggrieved employees for all necessary expenditures incurred;
- h) Defendant violated Labor Code § 221 by unlawfully deducting from wages owed to Plaintiffs and other aggrieved employees for all certain work-related expenses; and
- i) Defendant violated Labor Code §§ 201, 202 and 203 by failing to timely pay all final wages due to Plaintiff and other aggrieved employees at the time of the separation of their employment.

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

From: noreply@salesforce.com on behalf of [LWDA DO NOT REPLY](#)
To: [Gladys Beltran](#)
Subject: Thank you for submission of your PAGA Case.
Date: Tuesday, September 26, 2023 4:04:32 PM

9/26/2023

LWDA Case No. LWDA-CM-983931-23
Law Firm : Lidman Law, APC
Plaintiff Name : Venancio Carrera
Employer: Trail Lines, Inc.
Filing Fee : \$75.00
IFP Claimed : No

Item submitted: Initial PAGA Notice

Thank you for your submission to the Labor and Workforce Development Agency. Please make a note of the LWDA Case No. above as you may need this number for future reference when filing any subsequent documents for this Case.

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: http://labor.ca.gov/Private_Attorneys_General_Act.htm

EXHIBIT 2

EXHIBIT 2

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Venancio Carrera (“Plaintiff”), and Defendant Trail Lines, Inc. (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. **DEFINITIONS:**

- 1.1. “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against Defendant captioned *Venancio Carrera v. Trail Lines, Inc.*, Case No. 23STCV23347, initiated on September 26, 2023, and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2. “Administrator” means Phoenix Class Action Administration Solutions, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4. “Aggrieved Employee” means all individuals whom Defendant Trail Lines, Inc. classified as independent contractors and who worked for Defendant in California at any time during the PAGA Period.
- 1.5. “Class” means all individuals whom Defendant Trail Lines, Inc. classified as independent contractors and who worked for Defendant in California at any time during the Class Period.
- 1.6. “Class Counsel” means Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC and Paul Haines of Haines Law Group, APC.
- 1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.8. “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, number of Class Period Workweeks, number of PAGA Pay Periods, and whether the Class Member signed a release agreement with Defendant following the filing of this Action.
- 1.9. “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).
- 1.10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member 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 Class Members.
- 1.11. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION

SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement (“Notice Packet”).

1.12. “Class Period” means the period of time starting on September 26, 2019 and ending on the date that the Court enters an order preliminarily approving the Settlement.

1.13. “Class Representative” means Venancio Carrera, the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14. “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15. “Court” means the Superior Court of California, County of Los Angeles.

1.16. “Defendant” means the named Defendant Trail Lines, Inc.

1.17. “Defense Counsel” means Lee A. Miller and Ilana M. Kaufman of Miller Law Partners, P.C.

1.18. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; or (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.19. “Final Approval” means the Court’s order granting final approval of the Settlement.

1.20. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.21. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22. “Total Settlement Amount” means Three Hundred Eighty One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$381,750.00), consisting of (1) Twenty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$21,750.00) Defendant already paid to certain Class Members pursuant to those certain Class Members entering into release agreements with Defendant after the filing of this Action, and which was a direct result of the filing of the Action (“Paid Settlement Amount”), and (2) Three Hundred Sixty Thousand Dollars and Zero Cents (\$360,000.00) in new money to be paid and funded by Defendant pursuant to this Agreement (“Remaining Gross Settlement Amount”). The Total Settlement Amount is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 8 below. The Remaining Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator’s Expenses.

1.23. “Individual Class Payment” means the Participating Class Member’s share of the Net Settlement Amount calculated pursuant to Paragraph 3.2.4 below, and which accounts for the Paid Settlement Amount that Defendant previously paid to 63 of the 69 total Class Members.

1.24. “Individual PAGA Payment” means each Aggrieved Employee’s pro rata share of 25% of the

PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25. “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.26. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled to monitor Labor Code compliance, under Labor Code section 2699, subd. (i).

1.27. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.28. “Net Settlement Amount” means the Remaining Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29. “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.31. “PAGA Period” means the period of time starting on September 26, 2022 and the date that the Court grants preliminary approval of the Settlement.

1.32. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. *et seq.*).

1.33. “PAGA Notice” means Plaintiff’s September 26, 2023 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.34. “PAGA Penalties” means the total amount of PAGA civil penalties (\$20,000.00) to be paid from the Remaining Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$5,000.00) and the 75% to LWDA (\$15,000.00) in settlement of PAGA claims.

1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36. “Plaintiff” means Venancio Carrera, the named plaintiff in the Action.

1.37. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.38. “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39. “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.40. “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.41. “Released Parties” means: Defendant and its respective former, current and future parent

companies, subsidiaries, affiliates, shareholders, managers, members, agents, principals, including Ofer Shitrit, Reuven Spivak and Iris Spivak, heirs, representatives (including, without limitation, any investment bankers, accountants, auditors, consultants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns.

1.42. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. “Response Deadline” means 60 days after the Administrator mails the Notice to Class Members and the Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, e-mail, or mail Requests for Exclusion from the Settlement, or (b) fax, e-mail, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the date the Response Deadline has expired.

1.44. “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.45. “Workweek” means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. RECITALS:

2.1. On September 26, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendant for: (i) failure to pay all minimum wages owed; (ii) failure to provide accurate, itemized wage statements; (iii) failure to reimburse necessary business expenses; (iv) unlawful deductions from wages; (v) failure to pay all wages upon termination; and (vi) unfair competition.

2.2. Pursuant to Labor Code section 2699.3, subd.(a), on September 26, 2023, Plaintiff gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.

2.3. On December 4, 2023, Plaintiff filed a First Amended Complaint (“FAC”) that contained all of the causes of action in the original complaint, and also added a claim for civil penalties under the PAGA.

2.4. Following the filing of this Action and as a result thereof, Defendant entered into release agreements with certain Class Members that included a release of the claims at issue in this Action through the date the respective Class Member executed the release agreement. As a result, Defendant paid the Paid Settlement Amount to 63 of 69 total Class Members in a total amount of Twenty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$21,750.00).

2.5. On July 17, 2024, the Parties participated in an all-day mediation presided over by Todd Smith, Esq. The Parties agreed to a mediator’s proposal, which led to this Agreement to settle the Action.

2.6. Prior to mediation, Plaintiff conducted informal discovery. Through this informal discovery prior to mediation, Plaintiff obtained a sampling of Defendant’s payroll data, as well as other relevant documents and information relevant to the claims alleged. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.7. Defendant denies the allegations in the operative First Amended Complaint, denies any failure

to comply with the laws identified in in the operative First Amended Complaint and denies any and all liability for the causes of action alleged.

2.8. To date, the Court has not ruled on nor granted class certification.

2.9. The Parties, Class 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. Remaining Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, in addition to the Paid Settlement Among previously paid to certain Class Members, Defendant promises to pay the Remaining Gross Settlement Amount, in the amount of Three Hundred Sixty Thousand Dollars and Zero Cents (\$360,000) in new money. Defendant also agrees to separately pay any and all employer payroll taxes owed on the wage portions of the Individual Class Payments. Defendant has no obligation to pay the Remaining Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the Remaining Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Remaining Gross Settlement Amount will revert to Defendant.

3.2. Payments from the Total Settlement Amount. The Administrator will make and deduct the following payments from the Total Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$7,500.00 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiff's request for Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than one-third (1/3) of the Total Settlement Amount, which is currently estimated to be \$127,250.00 and a Class Counsel Litigation Expenses Payment of not more than \$30,000.00. Defendant will not oppose requests for these payments provided the requests do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and

holds Defendant harmless, and promises to indemnify Defendant, from any dispute or controversy regarding any division or sharing of any of the Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment .

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$5,995.00, except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less than estimated or the Court approves payment less than \$5,995.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. To Each Participating Class Member:

3.2.4.1. First, the 6 Class Members who did not receive any portion of the Paid Settlement Amount (that is, those who did not receive a prior settlement payment in exchange for signing a release agreement) shall each be paid an amount equal to what they would have received under Defendant's formula used to pay the Paid Settlement Amount.

3.2.4.2. After the 6 Class Members are allocated their payments as set forth in Paragraph 3.2.4.1 above, the remaining Net Settlement Amount shall then be divided by the total number of workweeks worked by all Class Members during the Class Period in order to establish the workweek amount. The workweek amount will then be multiplied by the number of workweeks attributable to each Participating Class Member in order to determine the Individual Class Payment due to each Participating Class Member.

3.2.5. Tax Allocation of Individual Class Payments. Thirty Three Percent (33%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. Sixty Seven Percent (67%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.6. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.7. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$20,000.00 to be paid from the Gross Settlement Amount, with 75% (\$15,000.00) allocated to the LWDA PAGA Payment and 25% (\$5,000.00) allocated to the Individual PAGA Payments.

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

3.2.7.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS:

4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendant estimates there are 69 Class Members who collectively worked a total of 3,022.32 Workweeks during the Class Period, and 44 Aggrieved Employees who collectively worked a total of 439.38 PAGA Pay Periods during the PAGA Period.

4.2. Class Data. Not later than 20 days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use their best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Remaining Gross Settlement Amount. Defendant shall fully fund the Remaining Gross Settlement Amount (in the amount of \$360,000.00), and also fund the amounts necessary to fully pay Defendant's share of payroll taxes, by transmitting the funds to the Administrator no later than thirty (30) days after the Effective Date.

4.4. Payments from the Remaining Gross Settlement Amount. Within 14 days after Defendant funds the Remaining Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payments shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members 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. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2. The Administrator must conduct a Class Member Address Search for all Class

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

4.4.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. **RELEASES OF CLAIMS:** Effective on the date when Defendant fully funds the Remaining Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 **Release by Plaintiff and Participating Class Members:** Plaintiff and all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the First Amended Complaint and/or ascertained during the course of the Action and which occurred during the Class Period. The claims released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; (6) unfair business practices in violation of Business and Professions Code section 17200, *et seq.* premised on the foregoing claims; (7) violation of or liability under California Labor Code sections 201-204, 210, 218.5, 218.6, 221, 226 *et seq.*, 226.8, 510, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2804 and the relevant Wage Orders issued by the Industrial Welfare Commission, and (8) any and all related claims for attorneys' fees and costs. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including 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 Class Period.

5.2 **Release by Aggrieved Employees:** All Aggrieved Employees release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the operative First Amended Complaint and/or the PAGA Notice and/or ascertained during the course of the Action and which occurred during the PAGA Period. The claims released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all

wages owed upon termination; and (6) any and all related claims for attorneys' fees and costs.

6. **MOTION FOR PRELIMINARY APPROVAL:** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

6.1 **Defendant's Declarations in Support of Preliminary Approval.** Within 5 days of the full execution of this Agreement, Defendant will prepare and deliver to Class Counsel signed Declarations from Defendant and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their Declarations, Defense Counsel and Defendant 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 **Plaintiff's Responsibilities.** Plaintiff will prepare all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice and memorandum in support of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve, competency, operative procedures for protecting the security of Class Data, amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance, all facts relevant to any actual or potential conflicts of interest with Class Members, and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members, its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), operative First Amended Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, and the Administrator. In their Declarations, Plaintiff and Class 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. Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Preliminary Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Preliminary Approval.

6.3 **Responsibilities of Counsel.** Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 90 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.4 **Duty to Cooperate.** If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class 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 Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class 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 jointly selected Phoenix Class Action Administration Solutions to serve as the Administrator and verified that, as a condition of appointment, it agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.

7.4 Notice to Class Members.

7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3 Not later than 3 business days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4 The deadlines for Class Members’ written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 60 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5 If the Administrator, Defendant or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class

Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 Challenges to Calculation of Workweeks. Each Class Member shall have 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks, PAGA Pay Periods (if any), and prior amounts paid by Defendant in exchange for a release (if applicable) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, e-mail or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

7.7 Objections to Settlement.

7.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, e-mail, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

7.8 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

7.9 Website, E-mail Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval, and the Judgment. The Administrator will also maintain and monitor an e-mail address and a toll-free telephone number to receive Class Member calls, faxes and e-mails.

7.9.1 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.9.2 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.9.3 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to

challenge.

7.9.4 Administrator's Declaration. Not later than seven (7) days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.9.5 Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Remaining Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 10 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. **CLASS SIZE ESTIMATES:** Based on its records, Defendant estimates that there are approximately 69 Class Members who worked a total of 3022.32 Workweeks during the Class period.
9. **MOTION FOR FINAL APPROVAL:** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

9.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

9.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

9.3 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.

9.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

9.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Total Settlement Amount remains unchanged.

10. AMENDED JUDGMENT: If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit a proposed amended judgment.

11. ADDITIONAL PROVISIONS:

11.1 No Admission of Liability, Class Certification 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 Defendant that any of the allegations in the First Amended Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval or enter Judgment, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and the 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).

11.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent

necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that “the matter was resolved,” or words to that effect. This paragraph does not restrict Class Counsel’s communications with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.

11.3 No Publicity. Plaintiff and Plaintiff’s counsel agree not to publicize the Settlement. This provision shall not apply to the filing of any documents with the Court which are necessary to effectuate the Settlement, nor is it intended to interfere with or restrict: (1) the third-party administrator from distributing the notice packets and otherwise complying with its obligation to provide information to affected Class Members; or (2) the third-party administrator from posting any judgment on its website. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Action, and a general description of the Action, to a court in a declaration by Class Counsel. This provision shall not apply to limit Plaintiff’s and Class Counsel’s ability to effectuate their duties to the Class Members or limit their ability to communicate with Class Members as contractually required to effectuate the terms of the Settlement Agreement as set forth herein.

11.4 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel’s ability to communicate with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.

11.5 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.

11.6 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, 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.

11.7 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.

11.8 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 any Party in this Settlement.

11.9 No Tax Advice. Neither Plaintiff, Class Counsel, Defendant 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.

11.10 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.

11.11 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

11.12 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.

11.13 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.

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

11.15 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.

11.16 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.

11.17 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.

11.18 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 Plaintiffs:

Scott M. Lidman
Milan Moore
Tiara Gose-Hardy
Lidman Law, APC
2155 Campus Drive, Suite 150
El Segundo, California 90245
Telephone: (424) 322-4772
Facsimile: (424) 322-4775
Email: slidman@lidmanlaw.com
mmoore@lidmanlaw.com
tgose@lidmanlaw.com

Paul K. Haines
Haines Law Group, APC
phaines@haineslawgroup.com
2155 Campus Drive, Suite 180
El Segundo, California 90245
Telephone: (424) 292-2350
Facsimile: (424) 292-2355
Email: phaines@haineslawgroup.com

To Defendant:

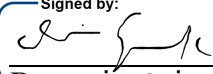
Lee A. Miller
Ilana M. Kaufman
Miller Law Partners, P.C.
21600 Oxnard Street, Suite 380
Woodland Hills, California 91367
Tel: (818) 279-6600
Fax: (818) 279-6601
Email: lmiller@millerlawpartners.com
ikaufman@millerlawpartners.com

11.19 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (*i.e.* DocuSign), or e-mail, 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 exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

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

DATED: 10/17/2024

DEFENDANT TRAIL LINES, INC.

Signed by: 
By: Travis Spivak
Its: VP

DATED: Oct 15, 2024

PLAINTIFF VENANCIO CARRERA

Venancio Carrera
Venancio Carrera (Oct 15, 2024 19:31 PDT)

By: Venancio Carrera

Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED:

MILLER LAW PARTNERS, INC.

By: Lee A. Miller
Lee A. Miller
Ilana M. Kaufman
Attorneys for Defendant

DATED: October 15, 2024

HAINES LAW GROUP, APC

By: Paul K. Haines
Paul K. Haines
Attorneys for Plaintiff

DATED: October 15, 2024

LIDMAN LAW, APC

By: Scott M. Lidman
Scott M. Lidman
Attorneys for Plaintiff

**COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING
DATE FOR FINAL COURT APPROVAL**

Venancio Carrera v. Trail Lines, Inc., Case No. 23STCV23347

***The Superior Court for the State of California authorized this Notice. Read it carefully!
It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.***

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Trail Lines, Inc. (“Trail Lines”; “Trail Lines” is used herein as a placeholder) for alleged wage and hour violations. The Action was filed by an individual, Venancio Carrera (“Plaintiff”), and seeks payment of (1) unpaid minimum wages, wage statement penalties, reimbursement of necessary business expenses, and restitution under California Business and Professions Code section 17200 for a certain class of individuals (“Class Members”) who worked for Trail Lines during the period of time starting on September 26, 2019 and ending on [date of preliminary approval] (“Class Period”); and also seeks (2) civil penalties under the California Private Attorney General Act (“PAGA”) for certain individuals (“Aggrieved Employees”) who worked for Trail Lines during the period of time starting on September 26, 2022 and ending on [date of preliminary approval] (“PAGA Period”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Trail Lines to fund Individual Class Payments, and (2) a PAGA Settlement requiring Trail Lines to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Trail Lines’ records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ [redacted] (less tax withholding) and your Individual PAGA Payment is estimated to be \$ [redacted]**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Trail Lines’ records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Trail Lines’ records showing that **you worked [redacted] workweeks** during the Class Period and **you worked [redacted] pay periods** during the PAGA Period. [Further, Trail Lines’ records show that you were previously paid a total of \$ [redacted] by Trail Lines in exchange for a signed release.] If you believe that you worked more workweeks and/or pay periods during either period, [or disagree with any prior payment received by you from Trail Lines,] you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Trail Lines to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Trail Lines .

If you worked for Trail Lines during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don’t have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Trail Lines .
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Trail Lines , and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Trail Lines will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don’t Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Trail Lines that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is 	If you don’t want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Trail Lines must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).

Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by 	All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed Settlement. The Court’s decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the Final Approval Hearing	The Court’s Final Approval Hearing is scheduled to take place on . You don’t have to attend but you do have the right to appear (or hire an attorney at your own cost to appear on your behalf), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by 	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period, how many Pay Periods you worked at least one day during the PAGA Period, respectively, and whether you received a prior payment from Trail Lines in exchange for a signed release. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Trail Lines’ records is stated on the first page of this Notice. If you disagree with either of these numbers, or disagree with the amount of any prior payment received (if applicable) you must challenge it by . See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is an individual who worked for Trail Lines as a driver. The Action accuses Trail Lines of violating California labor laws by failing to pay minimum wages, failing to provide accurate itemized wage statements, failing to reimburse necessary business expenses, unlawful deductions from wages, and failing to pay all wages owed upon termination. Based on the same claims, Plaintiff has also asserted a claim for restitution under California Business and Professions Code section 17200 and a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, *et seq.*) (“PAGA”). Plaintiff is represented by attorneys in the Action: Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC and Paul Haines of Haines Law Group, APC (“Class Counsel.”)

Trail Lines strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Trail Lines or Plaintiff is correct on the merits. In the meantime, Plaintiff and Trail Lines hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Trail Lines have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Trail Lines does not admit any violations or concede the merit of any claims. Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Trail Lines has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Trail Lines Will Pay \$381,750.00 as the Total Settlement Amount (Total Settlement). Trail Lines promises to pay a total of Three Hundred Eighty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$381,750.00) consisting of (1) Twenty-One Thousand Seven Hundred Fifty Dollars (\$21,750.00) Trail Lines has already paid to 63 of the 69 Class Members in exchange for entering into release agreements, and which was a direct result of the filing of the Action (“Paid Settlement Amount”), and (2) Three Hundred Sixty Thousand Dollars and Zero Cents (\$360,000) in new money (“Remaining Gross Settlement Amount”). Trail Lines has agreed to deposit the Remaining Gross Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Remaining Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payments, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the California Labor and Workforce Development Agency (“LWDA”). Assuming the Court grants Final Approval, Trail Lines shall fully fund the Remaining Gross Settlement Amount, and also fund the amounts necessary to fully pay Trail Lines’ share of payroll taxes, by transmitting the funds to the Administrator no later than thirty (30) days after the Judgment becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Total Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - A. Up to \$127,250.00 (1/3rd of the Total Settlement) to Class Counsel for attorneys’ fees and up to \$30,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses in the Action without payment.
 - B. Up to \$7,500.00 to Plaintiff as a Class Representative Service Payment for

filing the Action, working with Class Counsel and representing the Class. A Class Representative Service Payment will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.

- C. Up to \$5,995.00 to the Administrator for services administering the Settlement.
- D. Up to \$20,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

- 3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Total Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks and whether he or she received a prior payment from Trail Lines in exchange for a signed release. The calculation is explained more fully below in Section 4.
- 4. Taxes Owed on Payments to Class Members. Plaintiff and Trail Lines are asking the Court to approve an allocation of 33% of each Individual Class Payment to taxable wages ("Wage Portion") and 67% to interest and penalties ("Non-Wage Portion"). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Trail Lines will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Trail Lines have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

- 5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name. If the money represented by your check is sent to the State Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.
- 6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you

notify the Administrator in writing, not later than [REDACTED], that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Trail Lines.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Trail Lines based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Trail Lines have agreed that, in either case, the Settlement will be void. That is, Trail Lines will not pay any money and Class Members will not release any claims against Trail Lines that have not already been released by a prior release agreement, if applicable.
8. Administrator. The Court has appointed a neutral company, Phoenix Class Action Administration Solutions (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.
9. Participating Class Members' Release. After the Judgment is final and Trail Lines has fully funded the Remaining Gross Settlement Amount and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Trail Lines or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Trail Lines and its respective former, current and future parent companies, subsidiaries, affiliates, shareholders, managers, members, agents, principals, including Ofer Shitrit, Reuven Spivak and Iris

Spivak, heirs, representatives (including, without limitation, any investment bankers, accountants, auditors, consultants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns (“Released Parties”) from all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the First Amended Complaint and/or ascertained during the course of the Action and which occurred during the Class Period. The claims released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage statement; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; (6) unfair business practices in violation of Business and Professions Code section 17200, et seq. premised on the above claims; (7) violation of or liability under California Labor Code under sections 201-204, 210, 218.5, 218.6, 221, 226 *et seq.*, 226.8, 510, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2804, and the relevant Wage Orders issued by the Industrial Welfare Commission, and (8) any and all related claims for attorneys’ fees and costs. Except as set forth in Section 5.3 of the Settlement Agreement, Participating Class Members do not release any other claims, including 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 Class Period.

10. Aggrieved Employees’ PAGA Release. After the Court’s judgment is final, and Trail Lines has paid the Gross Settlement and separately paid the employer-side payroll taxes, all Aggrieved Employees will be barred from asserting PAGA claims against Trail Lines, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Trail Lines or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement. The Aggrieved Employees’ Releases are as follows:

All Aggrieved Employees release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the operative First Amended Complaint and/or the PAGA Notice and/or ascertained in the course of the Action and which occurred during the PAGA Period. The claims released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; and (6) any and all related claims for attorneys’ fees and costs.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments as follows: First, the 6 Class Members who did not receive any portion of the Paid Settlement Amount (that is, those who did not receive a prior settlement payment in exchange for signing a release agreement) shall each be paid an amount equal to what they would have received under Trail Lines' formula used to pay the Paid Settlement Amount. After those payments are allocated, the remaining Net Settlement Amount shall then be divided by the total number of workweeks worked by all Class Members during Class Period in order to establish the workweek amount. The workweek amount will then be multiplied by the number of workweeks attributable to each Participating Class Member in order to determine the Individual Class Payment due to each Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$5,000.00 by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Trail Lines' records, are stated on the first page of this Notice. You have until [insert response date] to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, e-mail or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Trail Lines' calculation of Workweeks and/or Pay Periods based on Trail Lines' records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Trail Lines' Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.
2. Aggrieved Employees. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee even if the Aggrieved Employee opts out of the Class Settlement.

Your check will be sent to the same address as this Notice. If you change your

address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as "Venancio Carrera v. Trail Lines, Inc.", and include your identifying information (full name, address, telephone number, approximate dates of work for Trail Lines, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by [REDACTED], or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Trail Lines are asking the Court to approve. At least 16 Court days before the [REDACTED] Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Class Representative Service Payment stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Payment. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website

_____ (url) _____ or the Court's website _____ (url) _____.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Class Representative Service Payment may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is [REDACTED].** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action as Venancio Carrera v. Trail Lines, Inc. and include your name, current address, telephone number, and approximate dates of work for Trail Lines and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer at your own cost to object) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] (date) at [REDACTED] (time) in Department SSC-6 of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Total Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website [REDACTED] beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Trail Lines and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to ([specify entity](#))'s website at ([url](#)). You can also telephone or send an e-mail to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<http://www.lacourt.org/casesummary/ui/index.aspx>) and entering the Case Number for the Action, Case No. 23STCV23347. You can also make an appointment to personally review court documents in the Clerk's Office at the Spring Street Courthouse by calling (213) 830-0800.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

Scott M. Lidman
Milan Moore
Tiara Gose-Hardy
Lidman Law, APC
2155 Campus Drive, Suite 150
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Telephone: (424) 322-4772
Facsimile: (424) 322-4775
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Paul K. Haines
Haines Law Group, APC
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2155 Campus Drive, Suite 180
El Segundo, California 90245
Telephone: (424) 292-2350
Facsimile: (424) 292-2355
Email: phaines@haineslawgroup.com

Settlement Administrator:

Name of Company:

Email Address:

Mailing Address:

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the Unclaimed Property Fund for instructions on how to retrieve the funds

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT 3

EXHIBIT 3

~~[MODEL]~~ CLASS ACTION AND PAGA SETTLEMENT AGREEMENT
AND CLASS NOTICE[†]

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff _____ (~~“Plaintiff”~~) Venancio Carrera (~~“Plaintiff”~~), and defendant XYZ

_____ (~~“XYZ”~~) Defendant Trail Lines, Inc. (~~“Defendant”~~). The Agreement refers to Plaintiff and XYZ Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS:

1.1. “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against XYZ Defendant captioned _____
_____ Venancio Carrera v. Trail Lines, Inc., Case No. 23STCV23347, initiated on _____ September 26, 2023, and pending in Superior Court of the State of California, County of Los Angeles.

1.2. “Administrator” means _____ Phoenix Class Action Administration Solutions, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3. _____ “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4. _____ “Aggrieved Employee” means ~~[e.g., a person employed by XYZ in California and all individuals whom Defendant Trail Lines, Inc. classified as a~~ _____ independent contractors and who worked for XYZ Defendant in California at any time during the PAGA Period~~].~~

1.5. “Class” means ~~[define class e.g., all persons employed by XYZ in California and all individuals whom Defendant Trail Lines, Inc. classified as~~ _____ independent contractors and who worked for XYZ Defendant in California at any time during the Class Period~~].~~

1.6. “Class Counsel” means _____ Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC and Paul Haines of Haines Law Group, APC.

1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

1.8. “Class Data” means Class Member identifying information in XYZ’s Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security

number, ~~, and~~ number of Class Period Workweeks ~~and, number of~~ PAGA Pay Periods, ~~and~~
whether the Class Member signed a release agreement with Defendant following the filing of
this Action.

1.9. “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).

~~1.10.~~ “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available

1.10. sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

~~1.11.~~ “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be 1.11. mailed to Class Members in English ~~{with a Spanish translation, if applicable}~~ in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement. (“Notice Packet”).

1.12. “Class Period” means the period ~~from~~ _____ to _____ of time starting on September 26, 2019 and ending on the date that the Court enters an order preliminarily approving the Settlement.[#]

1.13. “Class Representative” means Venancio Carrera, the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14. “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15. “Court” means the Superior Court of California, County of Los Angeles.

1.16. “~~XYZ~~Defendant” means the named Defendant Trail Lines, Inc.

1.17. “Defense Counsel” means Lee A. Miller and Ilana M. Kaufman of Miller Law Partners, P.C.

~~1.18.~~ “Effective Date” means the date by when both of the following have occurred: 1.18. (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; or (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.19. “Final Approval” means the Court’s order granting final approval of the Settlement.

1.20. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.21. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

~~1.22.~~ “Gross Total Settlement Amount” means \$ Three Hundred Eighty One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$381,750.00), consisting of (1) Twenty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$21,750.00) Defendant already paid to certain Class Members pursuant to those certain Class Members

entering into release agreements with Defendant after the filing of this Action, and which was a direct result of the filing of the Action (“Paid Settlement Amount”), and (2) Three Hundred Sixty Thousand Dollars and Zero Cents (\$360,000.00) in new money to be paid and funded by Defendant pursuant to this Agreement (“Remaining Gross Settlement Amount”). The Total Settlement Amount is the total amount XYZDefendant agrees to pay under the Settlement except as provided in Paragraph 98 below. The Remaining Gross Settlement Amount will be used to pay Individual Class Payments, Individual

1.22. "PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator's Expenses.

1.23. "Individual Class Payment" means the Participating Class Member's ~~pro rata~~ share of the Net Settlement Amount calculated ~~according pursuant~~ to Paragraph 3.2.4 below, and which accounts for the number Paid Settlement Amount that Defendant previously paid to 63 of Workweeks worked during the 69 total Class Period Members.

1.24. "Individual PAGA Payment" means ~~the each~~ Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.

1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled to monitor Labor Code compliance, under Labor Code section 2699, subd. (i).

1.27. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.28. "Net Settlement Amount" means the Remaining Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29. "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for ~~XYZ Defendant~~ for at least one day during the PAGA Period.

1.31. "PAGA Period" means the period ~~from~~ _____ to ____. # of time starting on September 26, 2022 and the date that the Court grants preliminary approval of the Settlement.

1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. *et seq.*).

1.33. "PAGA Notice" means Plaintiff's _____ September 26, 2023 letter to ~~XYZ Defendant~~ and the LWDA ~~[and Plaintiff's _____ letter to XYZ and the LWDA]~~ providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.34. "PAGA Penalties" means the total amount of PAGA civil penalties (\$20,000.00) to be paid from the Remaining Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$5,000.00) and the 75% to LWDA (\$15,000.00) in settlement of PAGA claims.
(_____) and the 75% to LWDA (_____) in settlement of PAGA claims.

1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36. “Plaintiff” means Venancio Carrera, the named plaintiff in the Action.

1.37. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.38. ~~“Preliminary Approval Order”~~ means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39. “Released Class Claims” means the claims being released as described in Paragraph ~~65.2~~ below.

1.40. “Released PAGA Claims” means the claims being released as described in Paragraph ~~6.25.3~~ below.

1.41. “Released Parties” means: XYZDefendant and ~~each of its~~ respective former, current and future parent companies, subsidiaries, affiliates, shareholders, managers, members, agents, principals, including Ofer Shitrit, Reuven Spivak and Iris Spivak, heirs, representatives (including, without limitation, any investment bankers, accountants, auditors, consultants, insurers, reinsurers, attorneys and any past, present directors or future officers, shareholders, owners, [members], attorneys, insurers, directors and employees) predecessors, successors, and assigns ~~[subsidiaries] [affiliates]~~.

1.42. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. ~~“Response Deadline”~~ means ~~[e.g., 60]~~ days after the Administrator mails the Notice to Class Members and the Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the date the Response Deadline has expired.

1.44. “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.45. “Workweek” means any week during which a Class Member worked for XYZDefendant for at least one day, during the Class Period: ~~“~~.

2. RECITALS:

~~2.1.~~ On September 26, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against XYZDefendant for [The Complaint is the operative complaint in the Action (the “Operative Complaint.”)] ~~[On __, Plaintiff filed a [e.g., First Amended Complaint] alleging causes of action against~~

XYZ for _____. The [e.g., First Amended] Complaint is the operative complaint in the Action (the “Operative

2.1. Complaint.”}] XYZ denies the allegations in the Operative Complaint, denies any: (i) failure to comply with the laws identified in in the Operative Complaint pay all minimum wages owed; (ii) failure to provide accurate, itemized wage statements; (iii) failure to reimburse necessary business expenses; (iv) unlawful deductions from wages; (v) failure to pay all wages upon termination; and denies any and all liability for the causes of action alleged. (vi) unfair competition.

2.2. _____ Pursuant to Labor Code section 2699.3, subd.(a), on September 26, 2023, Plaintiff gave timely written notice to XYZ Defendant and the LWDA by sending the PAGA Notice.

2.3. On _____ (type in additional dates) _____, [the Parties
2.3. On December 4, 2023, Plaintiff filed a First Amended Complaint (“FAC”) that contained all of the causes of action in the original complaint, and also added a claim for civil penalties under the PAGA.

2.4. Following the filing of this Action and as a result thereof, Defendant entered into release agreements with certain Class Members that included a release of the claims at issue in this Action through the date the respective Class Member executed the release agreement. As a result, Defendant paid the Paid Settlement Amount to 63 of 69 total Class Members in a total amount of Twenty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$21,750.00).

2.5. On July 17, 2024, the Parties participated in an all-day mediation presided over by _____ Todd Smith, Esq. The Parties agreed to a mediator’s proposal, which led to this Agreement to settle the Action (describe alternative means of negotiation). _____ (describe alternative means of negotiation) _____

2.4. Prior to ☐ mediation ☐ negotiating the Settlement, Plaintiff conducted informal discovery. Through this informal discovery prior to mediation, Plaintiff obtained, _____ through _____

2.6. ☐ formal ☐ informal discovery, (a sampling of Defendant’s payroll data, as well as other relevant documents, testimony and information obtained) relevant to the claims alleged. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.7. The Defendant denies the allegations in the operative First Amended Complaint, denies any failure to comply with the laws identified in in the operative First Amended Complaint and denies any and all liability for the causes of action alleged.

2.5.2.8. _____ To date, the Court ☐ has ☐ has not ruled on nor granted class certification.

(insert details as needed)

2-6-2.9. The Parties, Class 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. Remaining Gross Settlement Amount. Except as otherwise provided by Paragraph 98 below, XYZ in addition to the Paid Settlement Among previously paid to certain Class Members, Defendant promises to pay \$ the Remaining Gross Settlement Amount, in the amount of Three Hundred Sixty Thousand Dollars and no more as the Gross Settlement Amount [and Zero Cents (\$360,000) in new money. Defendant also agrees to separately pay any and all employer payroll taxes owed on the Wage-Portions wage portions of the Individual Class Payments. XYZ, Defendant has no obligation to pay the Remaining Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 6.14.3 of this Agreement.*. The Administrator will disburse the entire Remaining Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Remaining Gross Settlement Amount will revert to XYZ Defendant.

3.2. Payments from the Gross Total Settlement Amount. The Administrator will make and deduct the following payments from the Gross Total Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$ 7,500.00 (in addition to any Individual Class Payment [and any Individual PAGA Payment] the Class Representative is

3.2.1. entitled to receive as a Participating Class Member). XYZDefendant will not oppose Plaintiff's request for ~~a~~ Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service ~~Payments~~Payment no later than ~~{16 court}~~ days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than ~~—%,one-~~third (1/3) of the Total Settlement Amount, which is currently estimated to be \$ ~~-127,250.00~~ and a Class Counsel Litigation Expenses Payment of not more than \$ ~~—.~~XYZ30,000.00. Defendant will not oppose requests for these payments provided ~~thatthe~~requests do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than ~~{16 court}~~ days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds XYZDefendant harmless, and indemnifies XYZpromises to indemnify Defendant, from any dispute or controversy regarding any division or sharing of any of ~~these~~Paymentsthe Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment.

3.2.3. ~~_____~~To the Administrator: An Administrator Expenses Payment not to exceed 3.2.3. \$— \$5,995.00, except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less than estimated or the Court approves payment less than \$ ~~-5,995.00~~, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. To Each Participating Class Member: ~~An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.~~

3.2.4.1. First, the 6 Class Members who did not receive any portion of the Paid Settlement Amount (that is, those who did not receive a prior settlement payment in exchange for signing a release agreement) shall each be paid an amount equal to what they would have received under Defendant's formula used to pay the Paid Settlement Amount.

3.2.4.2. After the 6 Class Members are allocated their payments as set forth in Paragraph 3.2.4.1 above, the remaining Net Settlement Amount shall then be divided by the total number of workweeks worked by all Class Members during the Class Period in order to establish the workweek amount. The workweek amount will then be multiplied by the number of workweeks attributable to each Participating Class Member in order to determine the Individual Class Payment due to each Participating Class Member.

3.2.4.1. Tax Allocation of Individual Class Payments. % ~~Thirty~~ Three Percent (33%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. ~~The~~ % ~~Sixty Seven Percent (67%)~~ of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for ~~[e.g., interest and penalties]~~ (the

3.2.5. ~~“Non-Wage Portion”~~^{vi}). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2.3.2.6. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5. ~~_____~~ To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$ ~~_____~~ 20,000.00 to be paid from the Gross Settlement Amount, with 75%

3.2.7. ~~(\$— (\$15,000.00))~~ allocated to the LWDA PAGA Payment and 25% (~~\$—~~ 5,000.00) allocated to the Individual PAGA Payments.

3.2.5.1.3.2.7.1. ~~_____~~ The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees’ 25% share of ~~the~~ PAGA Penalties ~~\$—~~ by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee’s PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2.3.2.7.2. ~~_____~~ If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS:

4.1. ~~_____~~ Class Workweeks and Aggrieved Employee Pay Periods.

Based on a review of its records to date, XYZDefendant estimates there are ~~_____~~ 69 Class Members who collectively worked a total of ~~_____~~ 3,022.32 Workweeks during the Class Period, and ~~_____~~ of 44 Aggrieved Employees who collectively worked a total ~~_____~~ of 439.38 PAGA Pay Periods during the PAGA Period.

4.2. ~~_____~~ Class Data. Not later than ~~[e.g., 15]~~ 20 days after the Court grants Preliminary Approval of the Settlement, XYZDefendant will ~~simultaneously~~ deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members’ privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. XYZDefendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which XYZDefendant

must send the Class Data

4.2. to the Administrator, the Parties and their counsel will expeditiously use their best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. _____ Funding of Remaining Gross Settlement Amount.
XYZDefendant shall fully fund the Remaining Gross Settlement Amount, (in the amount of \$360,000.00), and also fund the amounts necessary to fully pay XYZ'sDefendant's share of payroll taxes, by transmitting the funds to the Administrator no later than [14]thirty (30) days after the Effective Date.

4.4. _____ Payments from the Remaining Gross Settlement Amount.
Within [14] days after XYZDefendant funds the Remaining Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service PaymentPayments shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members 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. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

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

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

no “unpaid residue” subject to the requirements of California Code of Civil Procedure
Section 384, subd. (b).

~~Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).] [or to a Court approved nonprofit organization or foundation consistent with Code of Civil Procedure Section 384, subd. (b) ("Cy Pres Recipient") _____]. The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the intended Cy Pres Recipient.~~

4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate XYZ Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

6.5. RELEASES OF CLAIMS: Effective on the date when XYZ Defendant fully funds the entire Remaining Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

~~6.1 Plaintiff's Release. Plaintiff and his or her respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences [that occurred during the Class Period], including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, [or ascertained during the Action and released under 6.2, below]. ("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 Class 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.~~

~~6.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:~~

~~A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or Released Party.~~

~~—Release by Participating Class Members Who Are Not Aggrieved Employees: All~~

~~6.25.1~~ Release by Plaintiff and Participating Class Members: Plaintiff and all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from ~~(+)~~all claims that were alleged, or reasonably could have been alleged, based on the ~~Class Period~~ facts stated in the ~~Operative~~First Amended Complaint ~~[and/or~~ ascertained ~~induring~~ the course of the Action] ~~[including, e.g., “(a) any and all and which occurred during the Class Period. The~~ claims ~~involving any alleged~~released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage; ~~etc.~~]. statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; (6) unfair business practices in violation of Business and Professions Code section 17200, *et seq.* premised on the foregoing claims; (7) violation of or liability under California Labor Code sections 201-204, 210, 218.5, 218.6, 221, 226 *et seq.*, 226.8, 510, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2804 and the relevant Wage Orders issued by the Industrial Welfare Commission, and (8) any and all related claims for attorneys’ fees and costs. Except as set forth in Section ~~65.3~~ of this Agreement, Participating Class Members do not release any other claims, including 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 Class Period.

~~6.35.2~~ — Release by ~~Non-Participating Class Members Who Are~~ Aggrieved Employees: All ~~Non-Participating Class Members who are~~ Aggrieved Employees ~~are deemed to~~ release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the ~~PAGA Period~~ facts stated in the ~~Operative~~operative First Amended Complaint~~[-]~~ ~~[and/or~~ the PAGA Notice ~~[and/or~~ ascertained ~~induring~~ the course of the Action] ~~[including, e.g., “(a) any and all and which occurred during the PAGA Period. The~~ claims ~~involving any alleged~~released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage; ~~etc.~~]. statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; and (6) any and all related claims for attorneys’ fees and costs.

7.6.MOTION FOR PRELIMINARY APPROVAL: The Parties agree to jointly prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”) that complies with the Court’s current checklist for Preliminary Approvals.

~~7.16.1~~ —XYZ’s Declaration Defendant’s Declarations in Support of Preliminary Approval. Within ~~—5~~ days of the full execution of this Agreement, ~~XYZ~~Defendant will prepare and deliver to Class Counsel a signed ~~Declaration~~Declarations from ~~XYZ~~Defendant and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator ~~and Cy Pres Recipient.~~ In their Declarations, Defense Counsel and ~~XYZ~~Defendant 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.

7.2 Plaintiff's Responsibilities. Plaintiff will prepare ~~and deliver to Defense Counsel~~ all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve, competency, operative procedures for protecting the security of Class Data, amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance, all facts relevant to any actual or potential conflicts of interest with Class Members ~~[and/or the proposed Cy Pres]~~, and the nature and extent of any financial relationship with ~~Plaintiff~~ Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration

6.2 from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, ~~{and/or}~~ the Administrator ~~{and/or the proposed Cy Pres}~~; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), ~~Operative~~operative First Amended Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, and the Administrator ~~and/or the Cy Pres Recipient~~. In their Declarations, Plaintiff and Class Counsel ~~Declaration~~ 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. Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Preliminary Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Preliminary Approval.

7.36.3 — Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than ~~{30}~~90 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7.46.4 — Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class 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 Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class 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.

8.7.SETTLEMENT ADMINISTRATION:

8.1 — Selection of Administrator. The Parties have jointly selected 7.1 — Phoenix Class Action Administration Solutions to serve as the Administrator and verified that, as a condition of appointment, it agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.27.2 — Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

8.37.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.

8.47.4 Notice to Class Members.

8.4.17.4.1 —No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA MembersAggrieved Employees, Workweeks, and Pay Periods in the Class Data.

8.4.27.4.2 —Using best efforts to perform as soon as possible, and in no event later than {14} days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice {with Spanish translation, if applicable} substantially in the form attached to this Agreement as Exhibit —A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

8.4.37.4.3 —Not later than {3} business days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

8.4.47.4.4 —The deadlines for Class Members’ written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional {14} days beyond the {60} days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

8.4.57.4.5 —If the Administrator, XYZDefendant or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than {14} days after 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

~~receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.~~

8.5.7.5 Requests for Exclusion (Opt-Outs).

~~8.5.1~~7.5.1 —Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than ~~[60]~~ days after the Administrator mails the Class Notice (plus an additional ~~[14]~~ days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

~~8.5.2~~7.5.2 —The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

~~8.5.3~~ —Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs ~~6.5.2~~ and ~~7.5.3~~ 6.5.3 of this Agreement, regardless ~~of~~ whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

~~8.5.4~~7.5.4 —Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

~~6.4 of this Agreement and are eligible for an Individual PAGA Payment.~~

~~8.6~~ — Challenges to Calculation of Workweeks. Each Class Member shall have ~~[60]~~ days after the Administrator mails the Class Notice (plus an additional ~~[14]~~ days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks ~~and~~, PAGA Pay Periods (if any), and prior amounts paid by Defendant in

exchange for a release (if applicable) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the

7.6 Administrator via fax, email-mail or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

8.7.7 Objections to Settlement.

8.7.17.7.1 — Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

8.7.27.7.2 — Participating Class Members may send written objections to the Administrator, by fax, email-mail, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than {60} days after the Administrator's mailing of the Class Notice (plus an additional {14} days for Class Members whose Class Notice was re-mailed).

8.7.37.7.3 — Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

8.8.7.8 — Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8.8.17.9 — Website, EmailE-mail Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval, and the Judgment. The Administrator will also maintain and monitor an email-mail address and a toll-free telephone number to receive Class Member calls, faxes and emailse-mails.

8.8.2 — Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their

7.9.1 validity. Not later than ~~{five (5)}~~ days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

~~8.8.3~~7.9.2 — Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include ~~provide~~ the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

~~8.8.4~~7.9.3 — Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.

~~8.8.5~~7.9.4 — Administrator’s Declaration. Not later than ~~{14}~~seven (7) days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.

~~8.8.6~~7.9.5 — Final Report by Settlement Administrator. Within ~~{10}~~ days after the Administrator disburses all funds in the Remaining Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least ~~{15}~~10 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

9.8. CLASS SIZE ESTIMATES [and ESCALATOR CLAUSE]: Based on its records, XYZ Defendant estimates that, ~~as of the date of this Settlement Agreement, (1) there are~~ approximately 69 Class Members ~~and~~ Total who worked a total of 3022.32 Workweeks during the Class period ~~and (2) there were~~ Aggrieved Employees who worked Pay Periods during the PAGA Period.ⁱⁱⁱ

10. XYZ'S RIGHT TO WITHDRAW. ~~If the number of valid Requests for Exclusion identified in the Exclusion List exceeds % _____ of the total of all Class Members, XYZ may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if XYZ withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, XYZ will remain responsible for paying all Settlement Administration Expenses incurred to that point. XYZ must notify Class Counsel and the Court of its election to withdraw not later than [seven] days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.~~

11.9. MOTION FOR FINAL APPROVAL: Not later than [16] court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than [seven] days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

11.19.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than ~~that [than five]~~ (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

11.29.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

11.3 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

9.3 settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

11.49.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment ~~reflected~~ set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

11.59.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the ~~Gross~~Total Settlement Amount remains unchanged.

12.10.AMENDED JUDGMENT:: If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit ~~and~~ a proposed amended judgment.

13.11. ADDITIONAL PROVISIONS::

13.1 No Admission of Liability, Class Certification 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 ~~XYZ~~Defendant that any of the allegations in the ~~Operative~~First Amended Complaint have merit or that ~~XYZ~~Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that ~~XYZ's~~Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval or enter Judgment, ~~XYZ~~Defendant reserves the right to contest certification of any class for any reasons, and ~~XYZ~~Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest ~~XYZ's~~Defendant's defenses. The Settlement, this Agreement and ~~Parties~~the Parties' willingness to

11.1 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).

~~13.2~~ Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, ~~XYZ~~ Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency.

11.2 Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. ~~Plaintiff~~ Plaintiffs, Class Counsel, ~~XYZ~~ Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

11.3 No Publicity. Plaintiff and Plaintiff's counsel agree not to publicize the Settlement. This provision shall not apply to the filing of any documents with the Court which are necessary to effectuate the Settlement, nor is it intended to interfere with or restrict: (1) the third-party administrator from distributing the notice packets and otherwise complying with its obligation to provide information to affected Class Members; or (2) the third-party administrator from posting any judgment on its website. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Action, and a general description of the Action, to a court in a declaration by Class Counsel. This provision shall not apply to limit Plaintiff's and Class Counsel's ability to effectuate their duties to the Class Members or limit their ability to communicate with Class Members as contractually required to effectuate the terms of the Settlement Agreement as set forth herein.

~~13.3~~ 11.4 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

~~13.4~~ 11.5 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.

~~13.5~~ 11.6 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and

represent that they are authorized by Plaintiff and XYZDefendant, 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.

13.6 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

11.7 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.

13.711.8 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~~any Party in this Settlement.

13.811.9 No Tax Advice. Neither Plaintiff, Class Counsel, XYZDefendant 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.

13.911.10 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.

13.1011.11 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

13.111.12 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.

13.1211.13 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.

13.1311.14 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during this Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

13.1411.15 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by XYZDefendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from XYZDefendant unless, prior to the Court's discharge of the Administrator's obligation, XYZDefendant makes a written request to Class Counsel for the return, rather than the ~~destructions~~destruction, of Class Data.

~~13.15~~11.16 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.

~~13.16~~11.17 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.

~~13.17~~11.18 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~~Plaintiffs:

Scott M. Lidman
Milan Moore
Tiara Gose-Hardy
Lidman Law, APC
2155 Campus Drive, Suite 150
El Segundo, California 90245
Telephone: (424) 322-4772
Facsimile: (424) 322-4775
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mmoore@lidmanlaw.com
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To ~~XYZ~~Defendant:

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~~13.18~~11.19 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (*i.e.* DocuSign), or ~~email~~e-mail, 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.

~~13.19~~11.20 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330, to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

For
DATED: DEFENDANT TRAIL LINES, INC.

By:
Its:

DATED: PLAINTIFF VENANCIO CARRERA

By:
Plaintiff For XYZ and Settlement Class Representative

Counsel For
APPROVED AS TO FORM:

DATED:
MILLER LAW PARTNERS, INC.

Lee A. Miller
Ilana M. Kaufman
Attorneys for Defendant

DATED: HAINES LAW GROUP, APC

By:
Paul K. Haines
Attorneys for Plaintiff Counsel For XYZ

DATED: LIDMAN LAW, APC

—

By:

Scott M. Lidman

Attorneys for Plaintiff

**COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING
DATE FOR FINAL COURT APPROVAL**

(case name and number)

Venancio Carrera v. Trail Lines, Inc., Case No. 23STCV23347

***The Superior Court for the State of California authorized this Notice. Read it carefully!
It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.***

You may be eligible to receive money from an employee class action lawsuit (“Action”) against _____ (abbreviate name; “XYZ Trail Lines, Inc. (“Trail Lines”); “Trail Lines” is used herein as a placeholder) for alleged wage and hour violations. The Action was filed by a[n] [former] XYZ employee _____ an individual, Venancio Carrera (“Plaintiff”), and seeks payment of (1) ~~backunpaid minimum~~ wages ~~-, wage statement penalties, reimbursement of necessary business expenses, and other relief~~ restitution under California Business and Professions Code section 17200 for a certain class of ~~[e.g., hourly] employees~~ individuals (“Class Members”) who worked for XYZ Trail Lines during the period of time starting on September 26, 2019 and ending on [date of preliminary approval] (“Class Period (— to —)”; and also seeks (2) civil penalties under the California Private Attorney General Act (“PAGA”) for ~~all [e.g., hourly] employees~~ certain individuals (“Aggrieved Employees”) who worked for XYZ Trail Lines during the period of time starting on September 26, 2022 and ending on [date of preliminary approval] (“PAGA Period (— to —) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring XYZ Trail Lines to fund Individual Class Payments, and (2) a PAGA Settlement requiring XYZ Trail Lines to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on XYZ’s Trail Lines’ records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$—\$_____ (less tax withholding) and your Individual PAGA Payment is estimated to be \$—\$_____.** The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to XYZ’s Trail Lines’ records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on XYZ’s Trail Lines’ records showing that **you worked _____ workweeks** during the Class Period and **you worked _____ workweeks _____ pay periods** during the PAGA Period. [Further, Trail Lines’ records show that you were previously paid a total of \$_____ by Trail Lines in exchange for a signed release.] If you believe that you worked more workweeks and/or pay periods during either period, [or disagree with any prior payment received by you from Trail Lines.] you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this

Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires XYZ Trail Lines to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against XYZ Trail Lines.

If you worked for XYZ Trail Lines during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

(1) **Do Nothing.** You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against XYZTrail Lines.

(2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against XYZTrail Lines, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

XYZTrail Lines will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against <u>XYZTrail Lines</u> that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is 	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. <u>XYZTrail Lines</u> must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by 	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.

<u>You Can Participate in the [REDACTED] Final Approval Hearing</u>	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you do have the right to appear (or hire an attorney at your own cost to appear on your behalf), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
<u>You Can Challenge the Calculation of Your Workweeks/Pay Periods</u> <u>Written Challenges Must be Submitted by [REDACTED]</u>	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period, how many Pay Periods you worked at least one day during the PAGA Period, respectively, and whether you received a prior payment from Trail Lines in exchange for a signed release. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Trail Lines' records is stated on the first page of this Notice. If you disagree with either of these numbers, or disagree with the amount of any prior payment received (if applicable) you must challenge it by [REDACTED]. See Section 4 of this Notice.
<u>You Can Participate in the [REDACTED] Final Approval Hearing</u>	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
<u>You Can Challenge the Calculation of Your Workweeks/Pay Periods</u> <u>Written Challenges Must be Submitted by [REDACTED]</u>	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to XYZ's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [REDACTED]. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is an individual who worked for Trail Lines as a[n] [former] XYZ employee, driver. The Action accuses XYZ Trail Lines of violating California labor laws by failing to pay [e.g., overtime wages, minimum wages, wages due upon termination and reimbursable expenses] and failing to provide [e.g., meal periods, rest breaks and accurate itemized wage statements], failing to reimburse necessary business expenses, unlawful deductions from wages, and failing to pay all wages owed upon termination. Based on the same claims, Plaintiff has also asserted a claim

~~— (“Class Counsel.”)~~

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) XYZ Trail Lines has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. XYZ Will Pay \$_____ as the Gross Settlement Amount (Gross Settlement). XYZ has agreed to deposit the Gross Settlement Trail Lines Will Pay \$381,750.00 as the Total Settlement Amount (Total Settlement). Trail Lines promises to pay a total of Three Hundred Eighty-One Thousand Seven Hundred Fifty Dollars and Zero Cents (\$381,750.00) consisting of (1) Twenty-One Thousand Seven Hundred Fifty Dollars (\$21,750.00) Trail Lines has already paid to 63 of the 69 Class Members in exchange for entering into release agreements, and which was a direct result of the filing of the Action ("Paid Settlement Amount"), and (2) Three Hundred Sixty Thousand Dollars and Zero Cents (\$360,000) in new money ("Remaining Gross Settlement Amount"). Trail Lines has agreed to deposit the Remaining Gross Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Remaining Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment Payments, Class Counsel's attorney's fees and expenses, the Administrator's expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, XYZ will Trail Lines shall fully fund the Remaining Gross Settlement not more Amount, and also fund the amounts necessary to fully pay Trail Lines' share of payroll taxes, by transmitting the funds to the Administrator no later than [44]thirty (30) days after the Judgment entered by the Court become becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Total Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - A. Up to \$_____ (_____ % 127,250.00 (1/3rd of the Gross Total Settlement)) to Class Counsel for attorneys' fees and up to \$30,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on in the Action without payment.
 - B. Up to \$7,500.00 to Plaintiff as a Class Representative Award Service Payment for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award Service Payment will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
 - C. Up to \$5,995.00 to the Administrator for services

administering the Settlement.

- D. Up to \$20,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

- ~~3.~~ Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the ~~Gross~~

3. Total Settlement (the “Net Settlement”) by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks and whether he or she received a prior payment from Trail Lines in exchange for a signed release. The calculation is explained more fully below in Section 4.

4. Taxes Owed on Payments to Class Members. Plaintiff and XYZ Trail Lines are asking the Court to approve an allocation of % 33% of each Individual Class Payment to taxable wages (“Wage Portion”) and % 67% to [e.g., interest, etc.] and penalties (“Non-Wage Portion-”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. [Option 1: (XYZ Trail Lines will separately pay employer payroll taxes it owes on the Wage

4. Portion-)]. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and XYZ Trail Lines have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don’t cash it by the void date, your check will be automatically cancelled, and the monies

☐ will be deposited with the California Controller's Unclaimed Property Fund in your name.

☐ will irrevocably lost to you because they will be paid to a non-profit organization or foundation (“Cy Pres”).

5. If the monies money represented by your check is sent to the State Controller’s Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than —, [redacted], that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the —Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member’s name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally

pursue wage and hour claims against XYZ Trail Lines.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against XYZ Trail Lines based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs Plaintiff and XYZ Trail Lines have agreed that, in either case, the Settlement will be void: XYZ. That is, Trail Lines will not pay any money and Class Members will not release any claims against XYZ Trail Lines that have not already been released by a prior release agreement, if applicable.

~~8.~~ Administrator. The Court has appointed a neutral company,

8. — Phoenix Class Action Administration Solutions (the “Administrator”) to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator’s contact information is contained in Section 9 of this Notice.

9. Participating Class Members’ Release. After the Judgment is final and XYZ Trail Lines has fully funded the Remaining Gross Settlement ~~{Option 1: (Amount and separately paid all employer payroll taxes)}~~, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against XYZ Trail Lines or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Trail Lines and its respective former, current and future parent companies, subsidiaries, affiliates, shareholders, managers, members, agents, principals, including Ofer Shitrit, Reuven Spivak and Iris Spivak, heirs, representatives (including, without limitation, any investment bankers, accountants, auditors, consultants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns (“Released Parties”) from ~~(+)~~ all claims that were alleged, or reasonably could have been alleged, based on the ~~Class Period~~ facts stated in the Operative First Amended Complaint ~~{and/or}~~ ascertained ~~in~~ during the course of the Action] ~~{including, e.g., “(a) any and all and which occurred during the Class Period. The claims involving any alleged released include, without limitation: (1) failure to pay minimum wages owed; (2) failure to provide accurate, itemized wage; etc.; statement; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; (6) unfair business practices in~~

violation of Business and Professions Code section 17200, et seq. premised on the above claims; (7) violation of or liability under California Labor Code under sections 201-204, 210, 218.5, 218.6, 221, 226 et seq., 226.8, 510, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2804, and the relevant Wage Orders issued by the Industrial Welfare Commission, and (8) any and all related claims for attorneys' fees and costs. Except as set forth in Section 65.3 of the Settlement Agreement, Participating Class Members do not release any other claims, including 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 Class Period.^{viii}

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and XYZTrail Lines has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against XYZTrail Lines, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against XYZTrail Lines or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement. The Aggrieved Employees' Releases are as follows:

~~The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows:~~

All ~~Participating and Non-Participating Class Members who are~~ Aggrieved Employees ~~are deemed to~~ release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties, from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the ~~PAGA Period~~ facts stated in the ~~Operative~~ operative First Amended Complaint, ~~and~~ and/or the PAGA Notice ~~and/or~~ ascertained in the course of the Action ~~including, e.g., (a) any and all and which occurred during the PAGA Period. The claims involving any alleged~~ released include, without limitation: (1) failure to pay minimum wage; etc.; wages owed; (2) failure to provide accurate, itemized age statements; (3) failure to reimburse necessary business expenses; (4) unlawful deductions from wages; (5) failure to pay all wages owed upon termination; and (6) any and all related claims for attorneys' fees and costs.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments ~~by (a) dividing as follows: First, the 6 Class Members who did not receive any portion of the Paid Settlement Amount (that is, those who did not receive a prior settlement payment in exchange for signing a release agreement) shall each be paid an amount equal to what they would have received under Trail Lines' formula used to pay the Paid Settlement Amount. After those payments are allocated, the remaining~~ Net Settlement Amount shall then be divided by the total number of ~~Workweeks~~ workweeks worked by all Class Members during Class Period in order to establish the workweek amount. The workweek amount will then be multiplied by the number of workweeks attributable to each Participating Class Member, and (b) multiplying the result by the number of Workweeks worked by each individual Member in order to determine the Individual Class Payment due to each Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$ 5,000.00 by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in XYZ's Trail Lines' records, are stated ~~in~~ on the first page of this Notice. You have until —[insert response date] to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, ~~email~~ email

or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept XYZ's Trail Lines' calculation of Workweeks and/or Pay Periods based on XYZ's Trail Lines' records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and XYZ's Trail Lines' Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

- Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.**

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as _____, “Venancio Carrera v. Trail Lines, Inc.,” and include your identifying information (full name, address, telephone number, approximate dates of employmentwork for Trail Lines, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by**

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and XYZ Trail Lines are asking the Court to approve. At least _____16 Court_____ days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Class Representative Service Award Payment stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award Payment. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website

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telephone number, and approximate dates of employmentwork for [XYZ]Trail Lines and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer ~~to object~~ at your own cost to object) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] (date) at [REDACTED] (time) in Department [7]SSC-6 of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the ~~Gross~~Total Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>; <https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything XYZ Trail Lines and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to _____ (specify entity)'s website at = (url) _____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<http://www.lacourt.org/casesummary/ui/index.aspx>) <http://www.lacourt.org/casesummary/ui/index.aspx> and entering the Case Number for the Action, Case No. 23STCV23347. You can also make an appointment to personally review court documents in the Clerk's Office at the Stanley Mosk Spring Street Courthouse by calling (213) 830-0800.

**DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION
ABOUT THE SETTLEMENT.**

Class Counsel:

~~Name of Attorney:~~

~~Email Address:~~

~~Name of Firm:~~

~~Mailing Address:~~

~~Telephone:~~

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Email: phaines@haineslawgroup.com

Settlement Administrator:
Name of Company:

Email Address:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the Unclaimed Property Fund for instructions on how to retrieve the funds

☐ ~~you should consult the Unclaimed Property Fund _____ for instructions on how to retrieve the funds~~

☐ ~~you will have no way to recover the money.~~

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

~~ⁱThis Model Class Action and PAGA Settlement Agreement has been approved by the Court, the Complex litigation judges, and a 2022 Ad Hoc Wage and Hour Committee co-chaired by Judge David Cunningham and Judge Amy Hogue and comprised of 16 attorneys who regularly represent plaintiffs and defendants in wage and hour case. It is written for settlements of single plaintiff wage and hour actions asserting class claims and PAGA claims against a single employer (XYZ). The parties will need to revise this form if there are multiple plaintiffs or multiple defendants. For settlements of wage and hour class actions that do not include PAGA claims, please use the Model Class Action Settlement Agreement and Class Notice. THE COURT ASKS ALL COUNSEL USING THIS MODEL AGREEMENT TO ATTACH A REDLINED VERSION TO THEIR MOTIONS FOR APPROVAL SO THAT THE COURT CAN EASILY SEE EXACTLY HOW THE PARTIES HAVE MODIFIED THIS MODEL AGREEMENT.~~

~~ⁱⁱWhether the “date of preliminary approval” yields a fair and adequate payment to Class Members may depend on whether the Class Members, in exchange for their releases of claims, receive consideration for time worked between the date when parties reached a settlement and the date of preliminary approval. The Parties’ *Kullar* analysis must give the Court sufficient information to allow the Court to determine whether the Gross Settlement Amount “represents a reasonable compromise, given the magnitude and apparent merit of the claims being released, discounted by the risks and expenses of attempting to establish and collect on those claims by pursuing the litigation.” (*Luckey v. Superior Court* (2014) 228 Cal.App.4th 81, 94–95, internal quotation marks omitted.)~~

~~ⁱⁱⁱSee endnote ii above.~~

~~^{iv}The Parties may need to tailor this language to pay periods or shifts depending on the facts of the case.~~

~~^vThe Parties are free to negotiate a payment plan structure, if appropriate, and payment deadlines may fall earlier as necessary thereto.~~

~~^{vi}Note that this is not the only possible appropriate breakdown depending on the claims at issue in the case (e.g. a settlement that is solely a Labor Code Section 226(a) claim.)~~

~~^{vii}Insert negotiated terms, if any, addressing the possibility that XYZ’s estimates of class size, Workweeks or Pay Periods turn out to be understated such as an ADR clause imposing a duty to engage in good faith negotiations or mediation or an “escalator” clause memorializing XYZ’s promise to increase the Gross Settlement Amount in an agreed upon proportion to the percentage by which the calculated class size, Workweeks, or Pay Periods exceeds XYZ’s estimates.~~

~~^{viii}Releases in Notice should track the releases in the Settlement Agreement.~~