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Attorneys for Plaintiff JESSE ROMERO, individually,  
on behalf of others similarly situated, and on behalf of  
Aggrieved Employees pursuant to the  
California Private Attorneys General Act

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

JESSE ROMERO, individually and on behalf  
of others similarly situated,

Plaintiff,

vs.

CALIFORNIA CLOSET COMPANY, a  
California corporation; CAL CLOSET  
RETAIL, INC., a Delaware corporation; and  
DOES 1 through 25, inclusive,

Defendants.

Case No.: 23STCV27355 (related to Case No.  
23STCV31746)

*The Hon. Lawrence Riff, Department 7*

**DECLARATION OF KAREN I. GOLD IN  
SUPPORT OF PLAINTIFF'S MOTION FOR  
PRELIMINARY APPROVAL OF CLASS  
ACTION AND PAGA SETTLEMENT**

Date: January 29, 2025

Time: 10:00 a.m.

Dept.: 7

Complaint Filed: November 7, 2023

FAC Filed: October 10, 2024

Trial Date: None Set

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1. I am an attorney duly licensed to practice law in all Courts of the State of California. I am a Senior Trial Attorney and Team Lead at Blackstone Law, APC (“Class Counsel”) and one of the attorneys of record for Plaintiff Jesse Romero (“Plaintiff”). I have personal knowledge of the facts contained herein, and, if called to testify, I could and would competently do so.

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1           6.       As the Senior Trial Attorney and Team Lead, I oversee and handle over 100 wage-and-  
2 hour putative class actions and/or representative actions under the California Labor Code Private  
3 Attorney General Act of 2004 (“PAGA”) seeking relief on behalf of California employees.

4           7.       I have considerable experience in handling class and representative action lawsuits  
5 throughout my career and have been approved as counsel in a number of cases, including, most  
6 recently:

- 7           • *Richard v. Sa-Tech, Inc., et al.*, Ventura County Superior Court, Case No. 56-2015-  
8           00471720, approved as class counsel in settlement of wage and hour class and PAGA  
9           action.
- 10          • *Ouellette v. MKTG, Inc., et al.*, Los Angeles County Superior Court, Case No.  
11           19STCV27487, approved as class counsel in settlement of wage and hour class and  
12           PAGA action.
- 13          • *Adame v. Comtrak Logistics, Inc., et al.*, San Bernardino County Superior Court, Case  
14           No. CIV-DS-1511291, approved as class counsel in settlement of wage and hour  
15           PAGA action.
- 16          • *Utne v. Home Depot U.S.A., Inc.*, United States District Court for the Northern District  
17           of California, Case No. 3:16-cv-01854-RS, successfully opposed decertification  
18           motion.

19          8.       Blackstone Law, APC, represents plaintiffs in individual and representative  
20 employment litigation. The firm has grown exponentially over the past six-plus years, now  
21 maintaining twenty well-qualified attorneys working on almost exclusively labor and employment  
22 class actions, PAGA cases, and individual matters, with roughly 15% of the firm focused on other  
23 complex general litigation matters.

24          9.       Blackstone Law, APC has been counsel of record on several class action and PAGA  
25 actions that have since been resolved, the most recent of which are as follows:

- 26          • *David Williams v. Rancho Nicasio, LLC*, Marin County Superior Court, Case No.  
27           CIV2203067, approved as class counsel in final settlement of wage and hour class and  
28           PAGA action.

- *Bobby Birdi v. Lucid USA, Inc.*, Alameda County Superior Court, Case No. 21CV003541, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Alexis Cardoza v. BHFC Operating LLC*, Los Angeles County Superior Court, Case No. 21STCV34040, approved as counsel in settlement of representative wage and hour action pursuant to PAGA.
- *Theresa Bendorf, et al. v. Sea World LLC, et al.*, San Diego County Superior Court, Case No. 37-2021-00034922-CU-OE-CTL, preliminarily approved as class counsel, in association with other counsel, in settlement of wage and hour class and PAGA action.
- *Victor De La Cruz v. Northwest Pipe Company*, San Bernardino County Superior Court, Case No. CIVSB2211140, preliminarily approved as class counsel in settlement of wage and hour class and PAGA action.
- *Maria Ayala, et al. v. SDH Services West, LLC*, Kern County Superior Court, Case No. BCV-21-101933, approved as class counsel in final settlement of wage and hour class action.
- *Alfredo Sanchez v. Greenworld, Inc.*, Riverside County Superior Court, Case No. CVRI2105756, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Michael Bravo v. Michels Pacific Energy, Inc.*, Santa Clara County Superior Court, Case No. 22CV403427, preliminarily approved as class counsel in settlement of wage and hour class and PAGA action.
- *Oscar Bryant v. Midwest Construction Services, Inc. dba Trillium*, San Bernardino County Superior Court, Case No. CIVSB2121529, approved as class counsel in final settlement of wage and hour class action.
- *Matthew Savattieri v. AMI Expeditionary Healthcare, LLC, et al.*, Los Angeles County Superior Court, Case No. 21STCV33372, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Lexy Barajas, et al. v. H. W. Hunter, Inc.*, Los Angeles County Superior Court, Case No.

22STCV01892, approved as counsel in settlement of representative wage and hour action pursuant to PAGA.

- *Alejandro Valdez v. C.H.I. Automart, Inc.*, Los Angeles County Superior Court, Case No. 21STCV40168, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Sheizan Bawa v. Meathead Movers, Inc.*, Orange County Superior Court, Case No. 30-2021-01211895-CU-OE-CXC, approved as counsel in settlement of representative wage and hour action pursuant to PAGA.
- *Tanisha Lopez, et al. v. Restorix Health, Inc.*, Los Angeles County Superior Court, Case No. 21STCV33067, approved as class counsel, in association with other counsel, in final settlement of wage and hour class and PAGA action.
- *Perla Soto, et al. v. Nippon Express U.S.A., Inc.*, Los Angeles County Superior Court, Case No. 21STCV24902, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Angel Garcia, et al. v. J&B Investments, Inc., et al.*, San Bernardino County Superior Court, Case No. CIVSB2208601, approved as class counsel, in association with other counsel, in final settlement of wage and hour class and PAGA action.
- *Sindy Aviles, et al. v. Freeway Insurance Services America, LLC*, Los Angeles County Superior Court, Case No. 21STCV34864, approved as counsel, in association with other counsel, in settlement of representative wage and hour action pursuant to PAGA.
- *Alexander Gnaedig, et al. v. Favorite Healthcare Staffing, Inc.*, Los Angeles County Superior Court, Case No. 21STCV20904, approved as class counsel, in association with other counsel, in final settlement of wage and hour class and PAGA action.
- *Richard Evans v. My Paint Stop, LLC, et al.*, Contra Costa County Superior Court, Case No. MSC21-01812, approved as class counsel in final settlement of wage and hour class and PAGA action.
- *Jose Luis Parada George v. Main Electric Supply Company, LLC, et al.*, Orange County Superior Court, Case No. 30-2021-01220136-CU-OE-CXC, approved as counsel in

1 settlement of representative wage and hour action pursuant to PAGA.

- 2 • *Samia Salazar Yunis v. Sharif Jewelers*, Sacramento County Superior Court, Case No.  
3 34-2020-00290080, approved as class counsel in final settlement of wage and hour class  
4 and PAGA action.
- 5 • *Daniel Analco v. Felix Chevrolet, LP, et al.*, Los Angeles County Superior Court, Case  
6 No. 21STCV36654, approved as class counsel in final settlement of wage and hour class  
7 and PAGA action.
- 8 • *Sasha Aiono v. Benefit Cosmetics*, Los Angeles County Superior Court, Case No.  
9 21STCV33719, approved as counsel in settlement of representative wage and hour  
10 action pursuant to PAGA.

11 **Procedural History of the Action**

12 10. On October 24, 2023, Plaintiff provided written notice to the California Labor and  
13 Workforce Development Agency (“LWDA”) and to Defendants, pursuant to California Labor Code  
14 Section 2699.3, of the specific provision of the California Labor Code alleged to have been violated  
15 by Defendants (“PAGA Letter”). A true and correct copy of the PAGA Letter is attached hereto as  
16 Exhibit 1.

17 11. On November 7, 2023, Plaintiff filed a Class Action Complaint for Damages in the  
18 action entitled *Jesse Romero v. California Closet Company, et al.*, Los Angeles County Superior  
19 Court, Case No. 23STCV27355 (“Action”), thereby commencing a putative class action against  
20 Defendants California Closet Company, Inc. (incorrectly named as California Closet Company) and  
21 Cal Closets Retail, Inc.(incorrectly named as Cal Closet Retail, Inc.) (“Defendants”).

22 12. On December 28, 2023, Plaintiff filed a Complaint for Enforcement Action Under the  
23 Private Attorneys General Act, California Labor Code §§ 2698, *et Seq.* in the action titled *Jesse*  
24 *Romero v. Cal. Closets Retail Inc. et al.*, Los Angeles County Superior Court Case No. 23STCV31746  
25 (the “PAGA Action”, and collectively with the Class Action the “Actions”), thereby commencing a  
26 representative PAGA action against Defendants.

27 13. On August 20, 2024, Plaintiff and Defendants (together, the “Parties”) participated in  
28 mediation conducted by Kelly Knight (“Mediator”), a neutral and well-respected mediator with

1 extensive experience in complex wage and hour matters. After a full day of mediation, and with the  
2 help of the Mediator, the Parties were able to reach an agreement to resolve this dispute on a class and  
3 PAGA basis.

4 14. On October 10, 2024, Plaintiff filed a First Amended Class and PAGA Representative  
5 Action Complaint (“Operative Complaint”) in the Action, which added a cause of action under PAGA.  
6 The Operative Complaint alleges Defendants violated the California Labor Code for failure to pay  
7 minimum wages and straight wages, failure to pay overtime wages, failure to pay vacation and holiday  
8 wages, failure to provide notice of entitlement to sick leave and properly pay sick leave, failure to  
9 provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant  
10 rest periods and premiums payments in lieu thereof, failure to timely pay wages during employment,  
11 failure to provide compliant wage statements, failure to maintain required records, recordkeeping  
12 violations, failure to timely pay wages upon separation, failure to provide proper payment of final  
13 wages, and failure to reimburse necessary business expenses, for violations of California Business &  
14 Professions Code Section 17200, et seq. Based on the aforementioned California Labor Code  
15 violations, and for civil penalties under PAGA based on the aforementioned California Labor Code  
16 violations. The Operative Complaint also asserts claims for violations of California Labor Code  
17 Sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3,  
18 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174,  
19 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, 2810.5, and California Industrial  
20 Commission Wage Orders.

21 15. On November 3, 2024, the Parties executed the Joint Stipulation of Class Action and  
22 PAGA Settlement (“Settlement” or “Settlement Agreement”). Attached hereto as **Exhibit 2** is a true  
23 and correct copy of the fully executed Settlement Agreement.

24 **Summary of the Terms of the Settlement Agreement**

25 16. For purposes of settlement only, the Parties have agreed that the Class shall be defined  
26 as “all current and former hourly-paid and/or non-exempt employees who worked for Defendants  
27 within the State of California at any time during the Class Period”). The Class Period is defined as  
28 the period from November 7, 2019, through preliminary approval of the settlement with regard to

1 Defendant California Closet Company, Inc., and January 1, 2022, through the date of the Court's order  
2 granting preliminary approval of the settlement with regard to Defendant Cal Closets Retail, Inc.  
3 Based on information provided by Defendants, as of August 23, 2024, it is estimated that there are 658  
4 Class Members.

5 17. The Parties have agreed to settle the class and PAGA claims at issue in the Operative  
6 Complaint for a non-reversionary Gross Fund Value of One Million Four Hundred Ninety-Five  
7 Thousand Dollars and Zero Cents (\$1,495,000.00), exclusive of employer-side payroll taxes. The  
8 Gross Fund Value is a common fund and therefore includes all requested costs, fees, and other  
9 allocations. The Gross Settlement Amount includes: (1) Class Counsel's fees in the amount of up to  
10 one-third (1/3) of the Gross Settlement Amount (i.e., \$498,333.33 if the Gross Settlement Amount is  
11 \$1,495,000.00); (2) Class Counsel's actual litigation costs and expenses, not to exceed Twenty-Three  
12 Thousand Dollars and Zero Cents (\$23,000.00); (3) Settlement Administration Costs, not to exceed  
13 Eleven Thousand Five Hundred Dollars and Zero Cents (\$11,500.00); (4) Enhancement Payment in  
14 the amount of Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00); and (5) PAGA  
15 Payment in the amount of One Hundred and Forty-Nine Thousand Five Hundred Dollars and Zero  
16 cents (\$149,500.00). After the above-estimated amounts are deducted from the Gross Fund Value, the  
17 Net Settlement Amount that will be available for Class Members is currently estimated to be Eight  
18 hundred and forty-two thousand five hundred forty-one dollars and sixty-seven cents (\$842,541.67).  
19 Additionally, 25% of the PAGA Payment ("PAGA Employee Amount"), which is \$37,375.00 out of  
20 \$149,500.00 will be fully distributed to all current and former hourly-paid and/or non-exempt  
21 employees who worked for Defendants in the State of California at any time during the PAGA  
22 Period. ("PAGA Employees"). The "PAGA Period" is defined as the period from October 24, 2022,  
23 through the date of the Court's order granting preliminary approval of the settlement.

24 18. Based on information from Defendants, it is estimated that the Class Members worked  
25 a total of 44,939 Workweeks from November 7, 2019, to August 20, 2024, with regard to California  
26 Closet Company, Inc. and from January 12, 2022, to August 20, 2024, with regard to Cal. Closets  
27 Retail, Inc. If it is determined by the Settlement Administrator that the qualifying workweeks worked  
28 by the Class Members during the Class Period ultimately increase by more than 10% (i.e., if the

workweeks exceed 49,432) through the date of preliminary approval, Defendants, at their option, can either choose to: (1) cut off the end date for the Class Period as of the date on which the number of workweeks reaches 49,432, or (2) increase the Gross Fund Value on a proportional basis equal to the percentage increase in number of workweeks worked by the Class Members above the 10% (i.e., if there was an 11% increase in the number workweeks during the Class Period, Defendants would agree to increase the GFV by 1%).

19. The Net Settlement Amount will be distributed and paid to all Class Members who do not submit a timely and valid Request for Exclusion (“Settlement Class Members”) on a *pro rata* basis based on the number of weeks each Class Member worked for Defendants as an hourly-paid and/or non-exempt employee in California during the Class Period (“Workweeks”). The *pro rata* share of the Net Settlement Amount that a Class Member may be eligible to receive under the Class Settlement (“Individual Settlement Share”) will be calculated by the Settlement Administrator, in accordance with the Settlement Agreement.

20. The PAGA Employee Amount will be distributed and paid to all PAGA Employees on a *pro rata* basis based on the number of weeks each PAGA Employee worked for Defendants as an hourly-paid and/or non-exempt employee in California during the PAGA Period (“PAGA Workweeks”). The *pro rata* share of the PAGA Employee Amount that a PAGA Employee may be eligible to receive under the PAGA Settlement (“Individual PAGA Payment”) will be calculated by the Settlement Administrator, in accordance with the Settlement Agreement.

21. Each Individual Settlement Share will be allocated as twenty-five percent (25%) wages and seventy-five percent (75%) for non-wage damages and penalties. The portion allocated to wages will be reported on an IRS Form W-2 and the portions allocated to penalties and non-wage damages will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement Administrator will withhold the employee’s share of taxes and withholdings with respect to the wages portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their Individual Settlement Payments (i.e., payment of their Individual Settlement Share net of these taxes and withholdings). The Employer Taxes will be paid separately and in addition to the Gross Fund Value. Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties

1 and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

2 22. The Settlement Agreement is a non-reversionary and non-claims made settlement. The  
3 Net Settlement Amount will be fully distributed to Settlement Class Members and the PAGA Payment  
4 will be fully distributed to the LWDA and PAGA Employees, in accordance with the Settlement  
5 Agreement. No money will revert to Defendants.

6 23. Each Individual Settlement Payment and Individual PAGA Payment check will be  
7 valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are  
8 issued, and thereafter, shall be canceled. Any funds associated with such canceled checks will be  
9 distributed by the Settlement Administrator to the State of California's Unclaimed Property Division  
10 in the name of the Settlement Class Member and/or PAGA Employee. The Parties agree that this  
11 disposition results in no "unpaid residue" under California Civil Procedure Code § 384, as the entire  
12 Net Settlement Amount will be paid out to Settlement Class Members, whether or not they cash their  
13 settlement checks.

14 **The Settlement is Reasonable**

15 ***Informed Arms-Length Negotiations***

16 24. The Parties' settlement negotiations were at all times made at arm's-length and were  
17 adversarial. The Settlement was reached following a full day of mediation with a highly respected  
18 mediator with substantial experience mediating wage and hour cases, and Plaintiff engaged in  
19 additional negotiations in order to finalize the long-form agreement presently before the Court.

20 25. The Parties engaged in sufficient informal discovery and investigation prior to reaching  
21 a settlement at the mediation. Prior to mediation, Defendants produced putative class members' time  
22 and pay data, as well as Defendants' employee handbook, relevant wage and hour policies, and  
23 information to determine the total number of putative class members, the number of current versus  
24 former employees, the total workweeks worked by the putative class members, and the average rate  
25 of pay for the putative class members.

26 26. This allowed Class Counsel to conduct an informed assessment and analysis of the  
27 strengths and weaknesses of the claims and the potential class-wide and PAGA damages.

28 27. Based on the information exchanged, the Parties analyzed and briefed the relevant

1 issues and provided their analyses to the Mediator who helped the Parties debate the strengths and  
2 weakness of their respective positions.

3 ***Estimate of Potential Value of Claims***

4 28. My office hired an expert consultant, who assisted us in analyzing all available data  
5 and estimated Defendants' maximum potential exposure to be approximately \$17,243,749, assuming  
6 the litigation was successful at trial on all claims at issue and every employee had a violation for each  
7 claim on every shift worked, and then reduced this exposure analysis based on the challenges facing  
8 the likelihood of obtaining class certification, prevailing at trial, and other attendant risks. This  
9 estimate is based off an estimated maximum liability for all claims at issue and the total aggregate  
10 workweeks during the relevant time period, less interest, and based on the analysis of the data which  
11 was extrapolated out for all Class Members across the entire putative class period, which included: :  
12 \$307,053 for unpaid overtime premium wages; \$4,633,006 for unpaid overtime wages at the regular  
13 rate of pay; \$1,144,266 for unpaid off-the-clock work for 1 hour per workweek of off-the-clock work;  
14 \$998,160 in liquidated damages for off-the-clock work; \$206,213 in unpaid sick pay at the regular rate  
15 of pay; \$3,523,460 for meal period violations; \$1,305,606 for rest break violations at a 20% violation  
16 rate; \$1,453,150 for wage statement penalties; \$1,779,496 for waiting time penalties; \$383,639 for  
17 unreimbursed business expenses. Plaintiff further estimated that Defendants faced an additional  
18 exposure of \$1,509,700 in potential, non-stacked (i.e., one penalty, per employee, per pay period  
19 during the PAGA statutory period) PAGA penalties. Together with the PAGA penalties, Defendants'  
20 maximum potential exposure totaled \$17,243,749.

21 ***Specific Risks Considered***

22 29. Although the investigation and information discovered supports Plaintiff's contentions,  
23 Defendants raised potential defenses and other circumstances that impacted the risk of proceeding on  
24 a class-wide basis. Consideration of these risks factored into the decision to enter the Settlement.

25 30. My colleagues and I were aware of Defendants' defenses and arguments and have also  
26 taken into account the uncertainty and risk of the outcome of further litigation, and the difficulties and  
27 delays inherent in such litigation, including those involved in class and/or representative adjudication.  
28 Plaintiff further recognizes the burdens of proof necessary to establish liability for the claims asserted

1 in the Action, Defendants' defenses, and the difficulties in establishing entitlement to monetary  
2 recovery. Plaintiff has also considered the Parties' settlement discussions, as well as the evaluations  
3 of the Mediator, who is experienced and well-regarded in complex labor and employment matters.

4 31. Defendants denied and continue to deny any liability and wrongdoing of any kind  
5 associated with the claims alleged in the Action, and further deny that class certification is appropriate  
6 for any purpose other than the Settlement. Defendants believe that they would ultimately prevail in  
7 the Action. Defendants proffered defenses to both certification and to the merits of Plaintiff's claims.  
8 Defendants contended that Plaintiff's claims are not suitable for class certification because individual  
9 issues would predominate should this case go to trial. As with all class actions, these complex cases  
10 raise difficult management and proof issues and, accordingly, there is a significant risk that the Court  
11 may deny class certification.

12 *i. Meal Periods*

13 32. Plaintiff's meal period claims assert that Defendants failed to provide lawful meal  
14 periods. Plaintiff's theory of liability for meal period violations was based on allegations that  
15 Defendants' practices failed to allow Class Members to take meal breaks in the manner required under  
16 California law. Plaintiff's analysis of the time data revealed that in 52.5% of all meal break eligible  
17 shifts there was at least one unique meal period violation.

18 33. Defendants contended that their policies and practices at all times during the Class  
19 Period were lawful. Defendants further argued that the rate of purported meal period violations  
20 reflected in the data would require individualized inquiry and that such inquiry would prohibit a class  
21 from being certified. Additionally, the records showed that Defendants had paid meal premiums for  
22 3.1% of the recorded meal break violations.

23 *ii. Rest Periods*

24 34. Plaintiff argued that Defendants failed to schedule, permit, or authorize compliant rest  
25 periods. Plaintiff alleged that Plaintiff and other Class Members were unable to take their rest breaks  
26 because Defendants willfully required, suffered and permitted Plaintiff and the other Class Members  
27 to work during their rest periods. Plaintiff's damages analysis on this claim was based on an alleged  
28 20% violation rate.

1           35. As with the meal period allegations, Defendants contended that they had a lawful  
2 written rest period policy, provided compliant rest breaks, and relieved Class Members of all duties as  
3 required under California law. Defendants also claimed that given the lack of records demonstrating  
4 rest period violations, there were legitimate concerns in certifying these claims.

5           *iii. Off-The-Clock Work*

6           36. Plaintiff's minimum and overtime wages claims were largely based on unrecorded, off-  
7 the-clock work performed by the Class Members both before and after their shifts and during purported  
8 meal and rest periods. For example, Plaintiff and the other Class Members were frequently suffered  
9 or permitted to work "off-the-clock", such that they were not paid minimum wage for all hours worked  
10 and such that Defendants secretly paid less than the wage required by statute or contract. Such "off-  
11 the-clock" work that Plaintiff and class members were suffered and/or permitted to work, and for  
12 which Plaintiff and class members did not receive minimum wage include, *inter alia*, answering and  
13 responding to calls in between shifts regarding work the next day, and having interrupted meal breaks  
14 during which he was required to return to work.

15           *iv. Failure to Provide Notice of Entitlement to Sick Leave*

16           37. Plaintiff alleged Defendants failed to provide proper accrued sick leave to Plaintiff and  
17 other class members, failed to pay sick pay at the regular rate, and failed to provide proper notice about  
18 accrued sick leave.

19           *v. Unreimbursed Business Expenses Claim*

20           38. Plaintiff alleged that Defendants failed to reimburse necessary business expenses,  
21 including for use of personal cell phones for work-related calls with supervisors, co-workers, clients,  
22 and designers. Defendants contended that these expenses were not common to all Class Members and  
23 that the costs were not a reimbursable expense. Defendants further contended that it had policies and  
24 practices of reimbursing employees for necessary business expenses. Plaintiff used a reasonable  
25 estimate of \$30 per month to estimate unreimbursed business expenses.

26           *vi. Derivative Claims*

27           39. As with all derivative claims, success depends on the success of the underlying claims.  
28 Here, Plaintiff's claims for inaccurate wage statements and failure to pay all wages due upon

1 termination would only succeed if the underlying claims for failure to pay wages for off-the-clock  
2 work, failure to pay overtime, and failure to pay premiums for all meal and rest periods not lawfully  
3 provided were successful. Therefore, these claims were subject to the same risks of failure as  
4 discussed above. Also, even if Plaintiff prevailed on his underlying claims, he would still be required  
5 to demonstrate that Defendants' violations of California Labor Code section 203 were *willful*  
6 violations. Wage statement claims have also seen varying treatment at the appellate level because  
7 such claims have an element of discretion attached to them rather than a pure calculation of damages  
8 after liability is proven. Accordingly, these derivative claims, which comprised a substantial portion  
9 of Defendants' estimated liability, were therefore uncertain.

10 40. Class Counsel also recognized that, even if Plaintiff prevailed at class certification,  
11 proving the amount of wages due to Class Members would be an expensive, time-consuming, and  
12 uncertain proposition. In order to prove liability and damages, Class Counsel will need to request and  
13 analyze thousands of pages of documents, obtain the Class Members' contact information, contact  
14 them, and obtain their declarations at great expense. Obtaining the cooperation of current employees  
15 would also be difficult, given the likely reluctance to aid prosecution of a lawsuit against a current  
16 employer. On the other hand, Defendants would likely be able to obtain the cooperation of their  
17 employees. Moreover, even if Plaintiff prevailed at class certification and trial, possible appeals would  
18 substantially delay any recovery by the Class.

19 41. Therefore, taking into account how each of the above risks potentially effected  
20 Plaintiff's ability to obtain class certification, then prove the underlying violations, and the cost and  
21 delay in recovering the alleged potential damages, Class Counsel discounted Defendants' estimated  
22 liability by 50% to \$8,621,874.50. The merits-based risk factors further reduced Defendants'  
23 estimated liability by an additional 50%. This resulted in an adjusted estimated liability of  
24 \$4,310,937.25. In light thereof, the settlement amount of \$1,495,000.00 is a significant settlement.

25 42. Plaintiff also separately contemplated the risks of proceeding with the PAGA action  
26 and potential liability Defendants could face from this claim as part of the global resolution. Existing  
27 case law makes PAGA claims subject to the same defenses and risks as Plaintiff's underlying wage  
28 claims. It was anticipated that even if successful on the merits at trial, the imposition of cumulative

civil penalties based on the alleged wage and hour violations could be considered unjust, arbitrary and oppressive, or confiscatory, and that Defendants would argue that they made a good faith attempt to comply with its legal obligations warranting a reduction in penalties. Class Counsel also anticipated Defendants would argue that they made a good faith attempt to comply with its legal obligations and that the violations per pay period were low, warranting an additional reduction in civil penalties. Finally, we were also mindful of the fact that PAGA is fundamentally not intended to be compensatory in nature but is instead intended to facilitate enforcement of California's labor laws by financing state activities and educating and deterring non-compliance.

43. Therefore, after considering this multitude of factors, we concluded that it was in the best interest of the State of California and the PAGA Employees to enter into the Settlement, and to allocate One Hundred Forty-Nine Thousand, Five Hundred Dollars (\$149,500.00) of the Gross Fund Value towards the PAGA claim, which represents 10% of the Gross Fund Value. This percentage of the settlement is well-within the range of wage and hour settlements regularly approved in both state and federal court for cases that include both a class and PAGA action. Typically, such hybrid cases allocate only 1% of the gross settlement value to resolve PAGA claims, and, indeed, settlements allocations as little as 0.22% of the gross settlement amount have been approved as reasonable by courts. Moreover, the overall relief obtained by the Settlement is significant, not only from a monetary perspective, but also because it fulfills the public policy objectives of PAGA—to promote enforcement of California's labor laws, provide funds to the state, and deter future non-compliance by the employer.

44. I therefore submit that the Settlement is fair, reasonable, and adequate. The Settlement is in the best interest of the Settlement Class Members, the PAGA Employees, and the State of California and is within the accepted range of recoveries for this type of litigation given the inherent risk of litigation, the risk of obtaining and maintaining class certification, and the costs of further litigation.

#### ***Enhancement Payment***

45. As part of the Settlement Agreement, Plaintiff is requesting a reasonable Enhancement Payment of Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) to Plaintiff Jesse Romero. This Enhancement Payment is eminently reasonable given the time and effort Plaintiff spent

on this case, and the benefit to the Class Members as a result of Plaintiff's actions. Notice of the requested Enhancement Payment is disclosed to the Class Members in the Class Notice.

***Attorneys' Fees and Costs***

46. The attorneys' fees incurred by Class Counsel are in line with the common fund requested. The Settlement Agreement provides for Class Counsel to apply for attorneys' fees in an amount of up to one-third (1/3) of the Gross Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00) and actual litigation costs and expenses in an amount not to exceed Twenty-Three Thousand Dollars and Zero Cents (\$23,000.00), which will be paid out of the Gross Fund Value, subject to approval by the Court. Class Counsel has borne all of the risks and costs of litigation and will not receive any compensation until recovery is obtained.

47. The effectiveness of Blackstone Law, APC's prosecution of this matter has translated into tangible monetary benefits as follows: (1) Class Members, the State of California, and PAGA Employees will obtain monetary recovery over a relatively short period of time, as opposed to waiting additional years for the same, or a potentially worse, result; (2) a guaranteed result that compares favorably with other similar class action settlements of this type, given the strengths and weaknesses of the case; and (3) significant savings in Class Counsel's fees and/or costs that would have only increased had the case progress through certification, trial, and/or upon appeal.

48. The attorneys who worked on this Action are all experienced in litigating wage and hour matters as follows:

a. Jonathan M. Genish is the shareholder and founder of Blackstone Law, APC. Mr. Genish received his law degree from Benjamin N. Cardozo School of Law and was admitted to the California State Bar in 2008. During law school, he clerked at the litigation firm Oved & Oved, LLP and was published several times in various small publications. Upon graduation, he was hired by Freedman & Taitelman, LLP as an associate and remained employed there from September 2008 through August 2015. During his tenure, he managed hundreds (perhaps thousands) of complex litigation cases, ranging from employment, corporate, entertainment, and general business litigation matters, though his primary area of expertise was employment, both single plaintiff and representative actions. On the vast majority of those cases, he was the only or primary attorney managing the case

1 and thus obtained extensive experience. He has represented a wide range of clients from sole  
2 proprietorships to Fortune 500 companies in state, federal, complex, and appellate courts. Many of  
3 the cases he managed were highly publicized, with articles written about them in the Los Angeles  
4 Times, Deadline, The Hollywood Reporter, Business Insider, Law360, and others. Super Lawyers has  
5 regularly honored him as a Southern California Rising Star since 2012.

6 b. Ashley H. Cruz is a tenth-year lawyer who is part of the team at Blackstone Law, APC  
7 that litigated this matter. She graduated cum laude from Loyola University Chicago School of Law in  
8 2014, and she is a 2011 graduate of University of California, Los Angeles where she majored in  
9 International Development Studies with minors in Political Science and French. Ms. Cruz was  
10 admitted to practice law in Illinois in 2014 and in California in 2015. Since passing the California bar,  
11 Ms. Cruz has exclusively represented plaintiffs in employment litigation, including wage-and-hour  
12 disputes, as well as whistleblower, harassment, discrimination, and retaliation litigation.

13 c. Marissa Mayhood graduated from Pepperdine University School of Law with a juris  
14 doctorate and a certificate in dispute resolution from Pepperdine's Straus Institute. Ms. Mayhood  
15 spent approximately five years working for Marlin & Saltzman, LLP, which is a well-known plaintiff-  
16 side wage and hour law firm in Los Angeles. While working for Marlin & Saltzman, LLP, she litigated  
17 and helped settle a \$72.5 million case, *Utne v. Home Depot U.S.A., Inc.*, United States District Court  
18 for the Northern District of California, Case No. 3:16-cv-01854-RS, and was approved as class  
19 counsel. Ms. Mayhood is now a senior attorney at Blackstone Law, APC.

20 49. Class Counsel has litigated this matter for over one (1) year and was actively preparing  
21 this matter for class certification and trial. The Motion for Final Approval will elaborate on the nature  
22 of the legal services provided, the time incurred in performing those services, and Class Counsel's  
23 hourly rates. The Motion for Final Approval will also elaborate on the reimbursement costs sought  
24 by Class Counsel. Notice of the requested Attorneys' Fees and Costs is disclosed to the Class  
25 Members in the Class Notice.

#### 26 *Notice to the Class*

27 50. The Parties have agreed to retain Apex Class Action, LLC ("Apex" or "Settlement  
28 Administrator") to handle the notice and settlement administration process. The Parties respectfully

1 request that the Court appoint Apex to handle these procedures and to serve as the Settlement  
2 Administrator. Defendants will provide Apex with the Class List and Apex will calculate each Class  
3 Member's estimated Individual Settlement Share and each PAGA Employee's estimated Individual  
4 PAGA Payment. Apex will also receive and process Requests for Exclusion, Notices of Objection,  
5 and Workweek Disputes; will provide necessary reports and declarations; will calculate, subtract, and  
6 transmit necessary taxes and withholdings with respect to the wages portion of the Individual  
7 Settlement Shares; will prepare and submit informational and other tax filings and documents; will  
8 issue and transmit all payments provided for by the Settlement, including, but not limited to, mailing  
9 Individual Settlement Payment checks to the Settlement Class Members and Individual PAGA  
10 Payment checks to the PAGA Employees; and perform any other usual and customary duties for  
11 administering a class action settlement.

12 51. I am not aware of an alternative method of providing notice to the Class which would  
13 result in a higher likelihood of actual notice. The original source of the mailing addresses is from each  
14 Class Member, who provided the information to Defendants. As a fail-safe to this highly reliable  
15 method, skip tracing will be performed, if necessary.

16 ***Notice of Settlement to the LWDA***

17 52. In accordance with California Labor Code section 2699(1)(2) and concurrently with the  
18 filing of this Motion, a copy of the proposed Settlement was submitted to the LWDA via online  
19 submission through the LWDA's website.

20 ***Pending Actions***

21 53. On October 24, 2023, Plaintiff in the current action submitted his PAGA letter to the  
22 LWDA.

23 54. On November 6, 2023, Plaintiff in the current action filed his class action complaint  
24 against Defendants.

25 55. On December 28, 2023, Plaintiff in the current action filed his separate PAGA  
26 complaint against Defendant.

27 56. On July 19, 2024, another letter was submitted to the LWDA on behalf of plaintiff  
28 Matthew Hinojosa against defendant Cal Closet Retail, Inc. On July 19, 2024, Mr. Hinojosa filed a

1 Class and PAGA Representative Action Complaint in the Superior Court for the County of Alameda,  
2 Case No. 24CV084069 (the “Hinjosa Action”). On October 1, 2024, the plaintiff in the Hinjosa Action  
3 filed a First Amended Complaint, alleging causes of action for: 1. Failure to Pay Minimum and Straight  
4 Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197); 2. Failure to Pay Overtime Wages  
5 (Cal. Lab. Code §§ 1194 and 1198); 3. Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7,  
6 512); 4. Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); 5. Failure to Timely  
7 Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); 6. Failure to Provide Accurate Itemized  
8 Wage Statements (Cal. Lab. Code § 226); 7. Failure to Indemnify Employees for Expenditures (Cal.  
9 Lab. Code § 2802); 8. Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.); and 9.  
10 Civil Penalties Under the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698  
11 et seq.).

12 57. I am informed and believe that the present lawsuit will extinguish some or all of the  
13 later-filed Hinjosa Action.

14 58. I am not aware of any other actions that may be impacted by the present Settlement.  
15

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

18 Executed on December 9, 2024, at Westlake Village, California.

19  
20 

21 Karen I. Gold  
22  
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24  
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27  
28

## **EXHIBIT 1**



8383 Wilshire Blvd., Suite 745  
Beverly Hills, CA 90211  
Phone: (310) 622-4278  
Fax: (855) 786-6356

Karen Gold  
kgold@blackstonepc.com

October 24, 2023

**PAGA Claim Notice Via Online Electronic Submission**

California Labor & Workforce Development Agency

800 Capitol Mall, Suite 5000 (MIC-55)

Sacramento, CA 95814

<https://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General-Act.html>

**RE: *Jesse Romero v. Cal Closet Retail, Inc. / California Closet Company, Inc.***

Dear Representative:

This office represents Jesse Romero (“Claimant”) with respect to his claims under the California Labor Code against Cal Closet Retail, Inc. and California Closet Company, Inc. (including any and all affiliates, subsidiaries, parents, directors, and officers thereof) (collectively referred to herein as “Employers”). This letter is being sent simultaneously to Employers by certified mail.

Employers employed Claimant from approximately September 2021 to November 2022 as a non-exempt, hourly-paid employee. During his employment with Employers, Claimant was employed as an Installer and Journeyman Carpenter at 712 Hindry Avenue, Inglewood, CA 90301. Claimant performed various duties for Employer such as installing closets at home properties. Employer operates a business throughout California that provides installation services for custom closets and storage rooms.

Claimant intends to bring a representative action seeking penalties for violations of the California Labor Code which are recoverable under the Labor Code Private Attorneys General Act of 2004, California Labor Code section 2698, *et seq.* (“PAGA”). Claimant is seeking penalties on behalf of himself and in a representative capacity on behalf of the State of California and all current and former hourly-paid and/or non-exempt employees who worked for Employers in the State of California during the relevant statutory period (“Aggrieved Employees”). This letter is being sent in compliance with California Labor Code section 2699.3 and shall serve as Claimant’s notice of the provisions of the California Labor Code alleged to have been violated, including the facts and theories in support thereof.

As detailed below, Employers violated several of California’s wage and hour laws during Claimant’s employment, including but not limited to California Labor Code sections 201, 202, 203,

204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, and the Industrial Welfare Commission Wage Orders (“IWC Wage Orders”). The claims made on behalf of Claimant and Aggrieved Employees are based upon the following facts and theories:

**1. FAILURE TO PAY FOR ALL TIME WORKED AT CORRECT RATES OF PAY, INCLUDING MINIMUM WAGES, STRAIGHT TIME WAGES, AND OVERTIME COMPENSATION**

Employers have engaged in numerous unlawful practices which resulted in the failure to pay Claimant and other Aggrieved Employees for all time worked at the correct rates of pay, including minimum wages, straight time wages, and overtime compensation.

California Labor Code sections 1194, 1197, and 1197.1 and IWC Wage Orders require employers to pay at least the legal minimum wage to their employees. California Labor Code sections 510 and 1198 and IWC Wage Orders further require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek.

Throughout the relevant time period, Employers regularly required Claimant and other Aggrieved Employees to perform work off-the-clock: (1) answering and responding to calls in between shifts regarding work the next day, and (2) having interrupted meal breaks requesting him to go back to work. Employers failed to compensate Claimant and other Aggrieved Employees for any of this off-the-clock work, in violation of California law. In addition, Employers utilized time rounding practices that resulted in the systematic underpayment of wages (including minimum wages, straight time wages and overtime wages) to Claimant and Aggrieved Employees.

Employers also failed to accurately record the actual time worked by Claimant and Aggrieved Employees. Moreover, the uncompensated work described herein was often performed when Claimant and other Aggrieved Employees had already worked eight (8) hours in a day and/or forty (40) hours in week resulting in a failure to pay overtime compensation. Finally, Employers failed to pay overtime to Claimant and Aggrieved Employees for all overtime hours worked based on regular rates of pay correctly calculated to include all applicable remuneration, including non-discretionary commissions, non-discretionary bonuses, and non-discretionary performance pay.

As a result of the foregoing practices, Employers have failed to pay Claimant and other Aggrieved Employees for all wages earned at the correct rates of pay, including minimum wages, straight time wages, and overtime compensation. Accordingly, Employers violated IWC Wage Orders and California Labor Code sections 204, 510, 1194, 1197, 1197.1 and 1198.

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to paragraph of the applicable IWC

Wage Orders; penalties pursuant to California Labor Code sections 558, 1197.1, and 1199; and attorneys' fees and costs.

## **2. FAILURE TO PROVIDE MEAL PERIODS AND PAY MEAL PERIOD PREMIUMS**

California law requires employers to provide employees with an opportunity to take an uninterrupted meal period of no less than thirty (30) minutes before the end of the fifth hour of work when an employee works more than five (5) hours in a day. Cal. Lab. Code §§ 226.7, 512(a). A second meal period of no less than thirty (30) minutes must be provided before the end of the tenth hour of work when an employee works more than ten (10) hours in a day. Cal. Lab. Code §§ 226.7, 512(a). When an employer fails to provide a meal or rest period, an hour of pay at the employee's regular rate of compensation is owed to the employee. Cal. Lab. Code § 226.7(c).

During the relevant time period, Employers failed to provide Claimant and other Aggrieved Employees with legally-compliant 30-minute meal periods. Claimant and other Aggrieved Employees were required by Employers to work more than five (5) hours per day, but were not provided with uninterrupted 30-minute meal periods. Further, Claimant and other Aggrieved Employees were not provided with a second uninterrupted 30-minute meal period when they worked over ten (10) hours per day. Employers regularly required Claimant and other Aggrieved Employees to work through their first and second meal periods, to take their first meal period after their fifth (5<sup>th</sup>) hour of work, and/or to take their second meal periods after their tenth (10<sup>th</sup>) hour of work. Meal periods, when provided, were oftentimes interrupted or cut short.

Employers' policies, practices, and procedures were responsible for the violations alleged above and prevented Claimant and other Aggrieved Employees from taking timely, complete and duty-free meal periods because, amongst other reasons: (1) Employers did not have legally-compliant policies regarding the provision and timing of meal periods or systematically disregarded its own purported meal period policies; (2) Employers' management at various levels failed and refused to implement and enforce legally compliant meal period policies and practices; (3) Employers failed to adequately inform and train Claimant and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free meal periods; (4) Employers failed to adequately inform and train Claimant and other Aggrieved Employees about their right to premium wages for non-compliant meal periods; (5) Employers failed to ensure that there was adequate staffing to allow Claimant and other Aggrieved Employees to take timely, uninterrupted, and duty-free meal periods; (6) Employers required Claimant and other Aggrieved Employees to respond to work-related requests at all times, including during meal periods; and (7) Employers' policy and culture prevented Claimant and other Aggrieved Employees from taking timely, uninterrupted, and duty-free meal periods because of the priority placed on maximizing profits over employees' right to receive timely, uninterrupted, and duty-free meal periods.

Claimant and other Aggrieved Employees did not receive an extra hour of wages at their regular rate of pay for the meal periods which were not provided to them in compliance with

California law. Accordingly, Employers violated the applicable IWC Wage Orders and California Labor Code sections 226.7, 512(a) and 1198.

Claimants and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to penalties paragraph of the applicable IWC Wage Orders; penalties pursuant to California Labor Code sections 558 and 1199; and attorneys' fees and costs.

### **3. FAILURE TO AUTHORIZE AND PERMIT REST PERIODS AND PAY REST PERIOD PREMIUMS**

California law requires employers to authorize and permit employees to take an uninterrupted rest period of no less than ten (10) minutes rest for every four (4) hours, or major fraction thereof, worked. Cal. Lab. Code § 226.7. When an employer fails to authorize and permit a rest period, an hour of pay at the employee's regular rate of compensation is owed to the employee. Cal. Lab. Code § 226.7(c).

Employers failed to authorize and permit Claimant and other Aggrieved Employees to take legally-compliant 10-minute rest periods. Employers required Claimant and other Aggrieved Employees to work through rest periods. Claimant and Aggrieved Employees were not provided with uninterrupted, duty-free rest periods when they worked more than four (4) hours or a major fraction thereof. Further, Claimant and other Aggrieved Employees were not provided with a second uninterrupted, duty-free rest period when they worked more than six (6) hours in a day, or a third uninterrupted, duty-free rest period after working more than ten (10) hours in day. In the rare event that a rest period was taken, it was frequently interrupted or cut short. Moreover, Claimant and other Aggrieved Employees were not completely relieved of duty as required by *Augustus v. ABM Security Services, Inc.*, 2 Cal.5th 257 (2016).

Employers' policies, practices, and procedures were responsible for the violations alleged above and prevented Claimant and other Aggrieved Employees from taking timely and complete rest periods because, amongst other reasons: (1) Employers did not have legally-compliant policies regarding the provision and timing of rest periods or systematically disregarded its own purported rest period policies; (2) Employers' management at various levels failed and refused to implement and enforce legally compliant rest period policies and practices; (3) Employers failed to adequately inform and train Claimant and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free rest periods; (4) Employers failed to adequately inform and train Claimant and other Aggrieved Employees about their right to premium wages for non-compliant rest periods; (5) Employers failed to ensure that there was adequate staffing to allow Claimant and other Aggrieved Employees to take timely, uninterrupted, and duty-free rest periods; (6) Employers required Claimant and other Aggrieved Employees to respond to work-related requests at all times, including during rest periods; and (7) Employers' policy and culture prevented Claimant and other Aggrieved Employees from taking timely, uninterrupted, and duty-free rest periods because of the

priority placed on completing job requirements over employees' right to receive rest periods.

Claimant and other Aggrieved Employees did not receive an extra hour of wages at their regular rate of pay for the rest periods which were not provided to them in compliance with California law. Accordingly, Employers violated the applicable IWC Wage Orders and California Labor Code sections 226.7, and 1198.

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to paragraph of the applicable IWC Wage Orders; Labor Code sections 558 and 1199 penalties; and attorneys' fees and costs.

#### **4. FAILURE TO TIMELY PAY WAGES DURING EMPLOYMENT**

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. During the relevant time period, Employers have failed to timely pay all wages earned because Claimant and other Aggrieved Employees were not paid all the wages they were owed including, *inter alia*, overtime compensation, straight time wages, minimum wages, and meal and rest period premiums. Accordingly, Employers violated California Labor Code section 204(a).

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to Labor Code section 2699; penalties pursuant to California Labor Code sections 210 and 1199; and attorneys' fees and costs.

#### **5. FAILURE TO PROVIDE ACCURATE ITEMIZED WAGE STATEMENTS**

California Labor Code section 226(a) requires an employer semimonthly or at the time of each payment of wages to furnish wage statements to its employees setting forth, *inter alia*, (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, and (8) the name and address of the legal entity that is the employer.

As a result of the practices described herein, the wage statements provided to Claimant and

other Aggrieved Employees failed to include the actual hours worked (including time spent working off-the-clock), the actual gross wages earned (including wages owed for time spent working off the clock and meal and rest period premiums), and the correct rates of pay. The wage statements provided to Claimant and other Aggrieved Employees also failed to include the name of the legal entity that employed Claimant and the Aggrieved Employees. Accordingly, Employers violated California Labor Code section 226(a).

Claimant and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to California Labor Code section 226.3; and attorneys' fees and costs.

## **6. FAILURE TO MAINTAIN ACCURATE RECORDS**

California Labor Code section 1174(d) requires an employer to keep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant time period, Employers have failed to maintain accurate records relating to Claimant and other Aggrieved Employees' work periods, meal periods, total daily hours worked, and total hours worked per payroll period. Accordingly, Employers violated the applicable IWC Wage Orders and California Labor Code sections 1198.5 and 1174(d).

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to penalties paragraph of the applicable IWC Wage Orders; California Labor Code section 1174.5 penalties; and attorneys' fees and costs.

## **7. FAILURE TO REIMBURSE NECESSARY EXPENDITURES**

California Labor Code sections 2800 and 2802 require an employer to reimburse its employees for all necessary expenditures incurred by the employee in direct consequence of the discharge of his or her job duties or in direct consequence of his or her obedience to the directions of the employer. The IWC Wage Orders require employers to provide employees with the tools or equipment necessary for the performance of their job. During the relevant time period, Claimant and Aggrieved Employees incurred necessary business-related expenses and costs that were not fully reimbursed by Employers. These costs include but are not limited to personal cell phone expenses (including the device and the service plan) and the purchase of power tools and other various items (drills, jigsaw, and batteries) needed to perform or complete the installation job for Employers' clients.

Accordingly, Employers violated the IWC Orders and California Labor Code sections 2800 and 2802. Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to penalties paragraph of the applicable

IWC Wage Orders; and attorneys' fees and costs.

## **8. FAILURE TO TIMELY PAY ALL WAGES UPON TERMINATION OF EMPLOYMENT**

California Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and if an employee quits his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours' notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

During the relevant time period, upon the termination of employment (including but not limited to when they were temporarily laid off, laid off, discharged, and/or resigned), Aggrieved Employees were not paid all wages due to them within twenty-four (24) hours or even within seventy-two (72) hours for those who resigned. Specifically, as a result of Employers' practices of requiring Aggrieved Employees to work off-the-clock without compensation, failing to pay proper overtime compensation, unlawful rounding practices, failure to properly calculate regular rates, and failure to accurately record all hours actually worked, Employers failed to pay Aggrieved Employees for all straight time wage, minimum wages and overtime compensation owed to them upon termination of their employment. Employers also failed to pay Aggrieved Employees for meal period premiums and rest period premiums they were owed, amongst other wages. Accordingly, Employers violated California Labor Code sections 201 and 202.

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code section 2699; penalties pursuant to California Labor Code sections 203 and 1199; and attorneys' fees and costs.

## **9. EMPLOYER'S OTHER VIOLATIONS OF THE CALIFORNIA LABOR CODE**

Finally, pursuant to *Huff v. Securitas Security Services USA, Inc.* (2018) 25 Cal.App.5th 745 ("*Huff*"), as an Aggrieved Employee, Claimant has standing, and intends, on behalf of LWDA, to pursue civil penalties against Employer for any and all other Labor Code violations committed by Employer. In *Huff*, the California Court of Appeals held that an employee alleging a single violation of the Labor Code under PAGA may also bring PAGA claims against Employer for all other alleged Labor Code violations, even those suffered by other employees of the same employer. According to the *Huff* decision, Employee, as an "aggrieved" employee affected by at least one Labor Code violation may, and hereby does, pursue penalties on behalf of LWDA for unrelated Labor Code violations by Employer.

Employers are in direct violation of numerous California wage and hour laws including but not limited to said sections stated above. We hereby provide notice under the California Labor Code Private Attorneys General Act of 2004, California Labor Code Sections 2698, et seq., and

specifically ask for an investigation, or if the agency does not intend to investigate the alleged violations, a letter confirming the same so that we may allege a cause of action under PAGA against Employers for the violations discussed in this letter.

This letter is sent in compliance with the reporting requirements of California Labor Code section 2699.3. By law, an employee alleging a violation of one of the above referenced sections must notify his or her employer and the Labor and Workforce Development Agency (LWDA) before he or she can invoke the provisions of Sections 2699, et seq., by seeking redress in court. Cal. Lab. Code § 2699.3(a)(1). The LWDA must then notify the employer and the employee within 60 calendar days regarding whether it intends to investigate the alleged violation. Cal. Lab. Code § 2699.3(a)(2)(B). If the LWDA advises it will not investigate, or if no notice is provided within 65 calendar days, the employee may file a lawsuit invoking the provisions under Labor Code § 2699. Cal. Lab. Code § 2699.3(a)(2)(A). It is Claimant's intention to file a civil complaint and to bring the appropriate claims under California Labor Code § 2699 on behalf of themselves, the State of California and all Aggrieved Employees should your office not address Employers' alleged violations within this time.

If you have any questions or require additional information, please do not hesitate to contact my office. Thank you for your attention to this matter.

**BLACKSTONE LAW**

*Karen Gold*

Karen Gold.

cc: By U.S. Certified Mail, Return Receipt Requested

California Closet Company, Inc  
2001 W. Phelps Road, Suite 1  
Phoenix, AZ 85023

California Closet Company, Inc  
Agent for Service  
2710 Gateway Oaks Drive  
Sacramento, CA 95833

Cal Closets Retail, Inc.  
2001 W. Phelps Road, Suite 1  
Phoenix, AZ 85023

Cal Closets Retail, Inc.  
Agent for Service

2710 Gateway Oaks Drive  
Sacramento, CA 95833

## **EXHIBIT 2**

**JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

This Joint Stipulation of Class Action and PAGA Settlement (“Settlement,” “Agreement,” or “Settlement Agreement”) is made and entered into by and between Plaintiff Jesse Romero (“Plaintiff” or “Class Representative”), individually, and on behalf of all others similarly situated and on behalf of the State of California with respect to Aggrieved Employees (as defined herein), and Defendant California Closet Company, Inc. and Defendant Cal Closets Retail, Inc. (collectively, “Defendants”) (together, Plaintiff and Defendants may also be referred to in this Settlement Agreement as “Parties” and individually as “Party”).

This Settlement Agreement shall be binding on Plaintiff, Settlement Class Members (as defined herein), the State of California as to the employment of Aggrieved Employees, and Defendants, subject to the terms and conditions hereof and the approval of the Court.

**RECITALS**

1. On October 24, 2023, Plaintiff provided written notice to the Labor and Workforce Development Agency (“LWDA”) by online submission and to Defendants by U.S. Certified Mail, pursuant to California Labor Code Section 2699.3, of alleged violations of the California Labor Code.

2. On November 7, 2023, Plaintiff filed a Class Action Complaint for Damages titled *Jesse Romero v. Cal. Closets Retail, Inc., et al.*, Los Angeles County Superior Court Case No. 23STCV27355 (the “Class Action”), thereby commencing a putative class action against Defendants.

3. On December 28, 2023, Plaintiff filed a Complaint for Enforcement Action Under the Private Attorneys General Act, California Labor Code §§ 2698, *et seq.* in the action titled *Jesse Romero v. Cal. Closets Retail, Inc., et al.*, Los Angeles County Superior Court, Case No. 23STCV31746 (the “PAGA Action”, and together with the Class Action the “Actions”), thereby commencing a representative PAGA action against Defendants.

4. These complaints allege causes of action for violations of the California Labor Code for failure to pay overtime wages, failure to provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant rest periods and premium payments in lieu thereof, failure to pay minimum wages, failure to timely pay wages upon termination, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain complete and

accurate payroll records, and failure to reimburse necessary business expenses, for violations of California Business & Professions Code Section 17200, *et seq.* based on the aforementioned California Labor Code violations, and for civil penalties under the Private Attorneys General Act of 2004 pursuant to California Labor Code Section 2698, *et seq.* (“PAGA”) based on the aforementioned California Labor Code violations.

5. On October 8, 2024, Plaintiff submitted an amended PAGA notice asserting claims pursuant to California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800, 2802, applicable Industrial Welfare Commission Wage Orders, and California Code of Regulations, Title 8, section 11000, *et seq.*

6. On October 10, 2024, Plaintiff filed a First Amended Class and PAGA Representative Action Complaint (“Operative Complaint”) in the Class Action.<sup>1</sup> The Operative Complaint alleges thirteen (13) causes of action for violations of the California Labor Code for failure to pay minimum wages, failure to pay overtime wages, failure to provide and properly pay sick time, vacation time and/or PTO, failure to provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant rest periods and premium payments in lieu thereof, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain required records, recordkeeping violations, failure to timely pay wages upon separation, failure to provide proper payment of final wages, and failure to reimburse necessary business expenses, for violations of California Business & Professions Code Section 17200, *et seq.* based on the aforementioned California Labor Code violations, and for civil penalties under PAGA based on the aforementioned California Labor Code violations. The Operative Complaint also asserts claims for violations of California Labor Code Sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, 2810.5, and California

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<sup>1</sup> Within seven (7) days of the Court’s order granting Preliminary Approval of the settlement, Plaintiff will dismiss the PAGA Action without prejudice.

1 Industrial Commission Wage Orders.

2 7. Defendants deny all material allegations set forth in the Actions (including the  
3 Operative Complaint) and have asserted numerous affirmative defenses. Notwithstanding, in the  
4 interest of avoiding further litigation, Defendants desire to fully and finally settle the Actions, Class  
5 Released Claims (as defined herein), and PAGA Released Claims (as defined herein).

6 8. Class Counsel diligently investigated the class and PAGA claims against Defendants,  
7 including any and all applicable defenses and the applicable law. The investigation included, *inter*  
8 *alia*, the exchange of information, data, and documents, and review of corporate policies and practices.  
9 The Parties have engaged in sufficient informal discovery and investigation to assess the relative  
10 merits of the claims, contentions of the Parties, and the reasonable range of Defendants' potential  
11 exposure in the Actions.

12 9. On August 20, 2024, the Parties participated in mediation with Kelly Knight (the  
13 "Mediator"), a respected mediator of complex wage and hour actions, and with the assistance of the  
14 Mediator's evaluations, the Parties reached the Settlement that is memorialized herein. The Parties'  
15 settlement discussions were conducted at arms' length, and the Settlement is the result of an informed  
16 and detailed analysis of Defendants' potential liability and exposure in relation to the costs and risks  
17 associated with continued litigation. Based on Class Counsel's investigation and evaluation, Class  
18 Counsel believes that the settlement with Defendants for the consideration and on the terms set forth  
19 in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class  
20 Members, State of California, and Aggrieved Employees in light of all known facts and circumstances,  
21 including the risks of uncertainty and delay associated with litigation and various defenses asserted by  
22 Defendants.

23 10. There is an overlapping matter that was filed after this case on or about July 19, 2024,  
24 in the Alameda County Superior Court titled *Matthew Hinojosa v. Cal Closets Retail, Inc., et al.*, Case  
25 No. 24CV084069 ("Alameda County Case"). This Settlement Agreement (if approved by the Court)  
26 will extinguish the Alameda County Case through Preliminary Approval.

27 11. The Parties expressly acknowledge that this Settlement Agreement is entered into  
28 solely for the purpose of compromising significantly disputed claims and that nothing in this

Settlement Agreement is an admission of liability or wrongdoing by Defendants. If for any reason this Settlement Agreement is not approved, it will be of no force or effect, and the Parties shall be returned to their original respective positions.

#### **DEFINITIONS**

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

a. "Attorneys' Fees and Costs" means attorneys' fees approved by the Court for Class Counsel's litigation and resolution of the Actions and all actual costs and expenses incurred and to be incurred by Class Counsel in connection with the Actions, as defined in Paragraph 3, supra.

b. "Class" or "Class Member(s)" means all current and former hourly-paid and/or non-exempt employees who worked for Defendants within the State of California at any time during the Class Period.

c. "Class Counsel" means Jonathan M. Genish, Karen I. Gold, Sara Pezeshkpour, Ashley H. Cruz, and Marissa A. Mayhood of Blackstone Law, APC, who will seek to be appointed counsel for the Class.

d. "Class List" means a complete list of all Class Members that Defendants will diligently and in good faith compile from its records and provide to the Settlement Administrator. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following information for each Class Member: (1) full name; (2) last known mailing address; (3) last known phone numbers; (4) Social Security number; (5) workweek and pay period numbers where feasible, and hire and termination dates to calculate workweeks and pay periods where workweek/pay period numbers are not provided; and (6) such other information as is necessary for the Settlement Administrator to calculate Workweeks and PAGA Workweeks.

e. "Class Notice" means the Notice of Class Action and PAGA Settlement, substantially in the form attached hereto as "**Exhibit A.**"

f. "Class Period" means the period from November 7, 2019, through Preliminary Approval of the settlement with regard to defendant California Closet Company, Inc., and January 1, 2022, through Preliminary Approval of the settlement with regard to defendant Cal Closets Retail, Inc.

g. “Class Settlement” means the settlement and resolution of all Class Released Claims (as defined below).

h. “Court” means the Superior Court of the State of California for the County of Los Angeles.

i. “Defendants’ Counsel” means P. Dustin Bodaghi and Kimberly M. Shappley of Littler Mendelson, P.C.

j. “Effective Date” means the date when all of the following events have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the settlement; (b) the Judgment is final; and (c) 90 days have passed and the period of time to appeal has lapsed. The Judgment is final as of the latest of the following occurrences: (a) if no participating Settlement Class Member objects to the settlement, 90 days after the Court enters Judgment and the time to appeal lapses; (b) if one or more participating Settlement 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 appeal is withdrawn or the appellate court affirms the Judgment and issues a remittitur.

k. “Employer Taxes” means the employer’s share of taxes and contributions in connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendants in addition to the Gross Fund Value (“GFV”).

l. “Enhancement Payment” means the amount to be paid to Plaintiff, in recognition of his effort and work in prosecuting the Actions on behalf of Class Members and Aggrieved Employees, and general release of claims, as set forth in Paragraph 16.

m. “Final Approval” means the determination by the Court that the Settlement is fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

n. “Final Approval Hearing” means the hearing at which the Court will consider and determine whether the Settlement should be granted Final Approval.

o. “Final Approval Order and Judgment” means the order granting final approval of the Settlement and entering judgment thereon, in a form and content mutually agreed to by the Parties, and subject to approval by the Court.

p. “Gross Fund Value” or “GFV” means the amount of one million four hundred and ninety-five thousand dollars and zero cents (\$1,495,000.00) to be paid by Defendants in full satisfaction of the Actions, Class Released Claims, and PAGA Released Claims, which includes all Attorneys’ Fees and Costs, Enhancement Payment, PAGA Payment, Settlement Administration Costs, and Net Settlement Amount to be paid to the Settlement Class Members. Defendants shall pay the Employer Taxes separately and in addition to the Gross Fund Value. The Gross Fund Value is non-reversionary; no portion of the Gross Settlement Payment will return to Defendants. The Gross Fund Value is subject to increase, as provided in Paragraph 19.

q. “Individual PAGA Payment” means the *pro rata* share of the Aggrieved Employee Amount that an Aggrieved Employee may be eligible to receive under the PAGA Settlement, to be calculated in accordance with Paragraph 21.

r. “Individual Settlement Payment” means the net payment of each Settlement Class Member’s Individual Settlement Share, after reduction for the employee’s share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share, as provided in Paragraph 22.

s. “Individual Settlement Share” means the *pro rata* share of the Net Settlement Amount that a Class Member may be eligible to receive under the Class Settlement, to be calculated in accordance with Paragraph 20.

t. “LWDA Payment” means the amount of one hundred and twelve thousand one hundred and twenty-five dollars and zero cents (\$112,125.00), i.e., 75% of the PAGA Payment, that the Parties have agreed to pay to the LWDA under the PAGA Settlement, as set forth in Paragraph 17.

u. “Net Settlement Amount” means the portion of the Gross Fund Value that is available for distribution to Settlement Class Members, which is the Gross Fund Value less the Court-approved Attorneys’ Fees and Costs, Enhancement Payment, PAGA Payment, and Settlement Administration Costs.

v. “Notice of Objection” means a Settlement Class Member’s written objection to the Class Settlement, which must: (a) contain the case name and number of the Actions; (b) contain the objector’s full name, signature, address, telephone number, and the last four (4) digits of the

objector's Social Security number; (c) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; and (e) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

w. "PAGA Payment" means the allocation of 10% from the Gross Fund Value for the PAGA Settlement. Seventy-five percent (75%) of the PAGA Payment, or \$112,125.00, will be paid to the LWDA (i.e., the LWDA Payment) and the remaining twenty-five percent (25%), or \$37,375.00, will be distributed to the Aggrieved Employees (i.e., the PAGA Employee Amount).

x. "Aggrieved Employee(s)" means all current and former hourly-paid and/or non-exempt employees who worked for Defendants in the State of California at any time during the PAGA Period.

y. "PAGA Employee Amount" means the amount of thirty-seven thousand three hundred and seventy-five dollars and zero cents (\$37,375.00), i.e., 25% of the PAGA Payment, to be distributed to Aggrieved Employees on a *pro rata* basis based on their PAGA Workweeks.

z. "PAGA Period" means the period from October 24, 2022, through Preliminary Approval of the settlement.

aa. "PAGA Settlement" means the settlement and resolution of all PAGA Released Claims.

bb. "PAGA Workweeks" means the number of weeks each Aggrieved Employee worked for Defendants as an hourly-paid or non-exempt employee in California during the PAGA Period, which Defendants will provide in the Class List where feasible, and calculated using the start and end dates during which time the Aggrieved Employees were classified as non-exempt during the PAGA Period where pay period numbers are not provided. The Aggrieved Employees' pay periods will be calculated by Defendants from their payroll records. The Aggrieved Employee must have worked and been paid for a pay period during the PAGA Period for it to be counted (i.e., the Aggrieved Employees must have at least one shift worked during that pay period). Where actual pay data may not be available, Defendants will use their best estimates of the pay period(s) worked by the Aggrieved Employees.

cc. "Preliminary Approval" means the date on which the Court enters the Preliminary Approval Order.

dd. "Preliminary Approval Order" means the order granting preliminary approval of the Settlement, in a form and content mutually agreed to by the Parties, and subject to approval by the Court.

ee. "Class Released Claims" means all claims that were alleged, or reasonably could have been alleged based on the factual allegations contained in the Operative Complaint, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, California Industrial Commission Wage Orders, and including all claims related to alleged: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations; (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6) Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements, Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; and (12) Unfair Competition. This further includes any and all other claims under California common law, the California Labor Code, and the California Business and Professions Code alleged in or that could have been alleged under the facts, allegations and/or claims pleaded in the action. This expressly excludes PAGA Released Claims, which are separately released below.

ff. "PAGA Released Claims" means upon Defendant's fulfillment of its payment obligations of this Agreement, in exchange for the consideration provided by this Agreement, Plaintiff, the State of California, the LWDA, the Aggrieved Employees and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns and any other representative, proxy, or agent thereof shall release the Released Parties from all claims made or which could have been made for civil penalties under the PAGA, Labor Code section 2698, et seq., based on the facts pled in Plaintiff's letters to the LWDA (including his initial letter to the LWDA and the

amended letter discussed above) and the Operative Complaint, from October 24, 2022 to the date of the Court's order granting Preliminary Approval of the settlement including, but not limited to, any and all claims for PAGA penalties involving any allegations that Defendants failed to pay all wages due (including minimum wages, regular wages, sick pay, vacation pay, holiday pay, paid time off and overtime wages or double time wages); failed to provide legally-compliant meal and rest breaks and failed to pay premium pay for missed, late, interrupted or short meal and rest breaks; failed to timely pay all earned wages and compensation; failed to timely pay wages during employment; improper payment of final wages; failure to provide sick leave and notice of entitlement to sick leave; failed to reimburse necessary business expenses; failed to provide timely final pay; failed to maintain required records; recordkeeping violations; failed to properly pay sick pay and vacation time; failed to provide accurate itemized wage statement, as well as any claims under the California Labor Code for violations of Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800, 2802, and applicable IWC Wage Orders, and California Code of Regulations, Title 8, Section 11000 et seq. The Aggrieved Employees shall release their PAGA claims, to the extent they have any interest, in their entirety and may not opt out of the PAGA Released Claims.

gg. "Released Parties" means: (i) Defendants; (ii) each of Defendants' past, present, and future direct and indirect parents; (iii) the respective past, present, and future direct and indirect subsidiaries and affiliates of any of the foregoing; (iv) the past, present, and future shareholders, directors, officers, agents, employees, attorneys, insurers, members, partners, managers, contractors, agents, consultants, representatives, administrators, fiduciaries, benefit plans, transferees, predecessors, successors and assigns of any of the foregoing; and (v) any individual or entity which could be jointly liable with any of the foregoing.

hh. "Request for Exclusion" means a letter submitted by a Class Member indicating a request to be excluded from the Class Settlement, which must: (a) contain the case name and number of the Actions; (b) contain the Class Member's full name, signature, address, telephone number, and last four (4) digits of the Class Member's Social Security number; (c) clearly state that the Class

Member does not wish to be included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

ii. “Response Deadline” means the deadline by which Class Members must submit a Request for Exclusion, Notice of Objection, and/or Workweeks Dispute, which shall be the date that is forty-five (45) calendar days from the initial mailing of the Class Notice by the Settlement Administrator to Class Members, unless the 45th day falls on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next day on which the United States Postal service is open. The Response Deadline may also be extended by express agreement between Class Counsel and Defendants’ Counsel. Under no circumstances, however, will the Settlement Administrator have the authority to extend the Response Deadline. In the event that a Class Notice is re-mailed to a Class Member, the Response Deadline for that Class Member shall be extended fifteen (15) calendar days from the original Response Deadline.

jj. “Settlement Administrator” means Apex Class Action, LLC, or any other third-party class action settlement administrator agreed to by the Parties and approved by the Court for purposes of administering the Settlement. The Parties and their counsel each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

kk. “Settlement Administration Costs” means the costs payable from the Gross Fund Value to the Settlement Administrator for administering the Settlement, as set forth in Paragraph 18.

ll. “Settlement Class” or “Settlement Class Member(s)” means all Class Members who do not submit a timely and valid Request for Exclusion.

mm. “Workweeks” means the number of weeks each Class Member worked for Defendants as an hourly-paid or non-exempt employee in California during the Class Period, which Defendants will provide in the Class List where feasible, and calculated using the start and end dates during which time the Class Members were classified as non-exempt during the Class Period where workweek numbers are not provided. The Class Members’ pay periods will be calculated by Defendants from their payroll records. Class Members must have worked and been paid for a

workweek during the Class Period for it to be counted (i.e., the Class Member must have at least one shift worked during that workweek). Where actual pay data may not be available, Defendant will use its best estimates of the pay period(s) worked by the Class Members.

nn. “Workweeks Dispute” means a letter submitted by a Class Member disputing the number of Workweeks and/or PAGA Workweeks to which they have been credited, which must: (a) contain the case name and number of the Actions; (b) contain the Class Member’s full name, signature, address, telephone number, and the last four (4) digits of the Class Member’s Social Security number; (c) clearly state that the Class Member disputes the number of Workweeks and/or PAGA Workweeks credited to the Class Member and what the Class Member contends is the correct number; (d) include support for your challenge by sending copies of pay stubs or other records; and (e) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline. The Settlement Administrator will accept Defendants’ calculation of Workweeks based on Defendants’ 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 Settlement Administrator will resolve Workweek challenges based on your submission and on input from Class Counsel and Defendants’ Counsel. The Settlement Administrator’s decision is final. You can’t appeal or otherwise challenge its final decision.

### **CLASS CERTIFICATION**

13. For the purposes of this Settlement only, the Parties stipulate to the certification of the Class.

14. The Parties agree that certification for the purpose of settlement is not an admission that certification is proper under Section 382 of the California Code of Civil Procedure. Should, for whatever reason, the Court not grant Final Approval, the Parties’ stipulation to class certification as part of the Settlement shall become null and void ab initio and shall have no bearing on, and shall not be admissible in connection with, the issue of whether certification would be inappropriate in a non-settlement context.

### **TERMS OF THE AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set

1 forth herein, the Parties agree, subject to the Court's approval, as follows:

2 15. Attorneys' Fees and Costs. Defendants agree not to oppose or impede any application  
3 or motion by Class Counsel for attorneys' fees in the amount up to one third (33.33%) of the Gross  
4 Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00) and reimbursement of actual  
5 costs and expenses associated with Class Counsel's litigation and settlement of the Actions, in an  
6 amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00), both of which will  
7 be paid from the Gross Fund Value. These amounts will cover any and all work performed and any  
8 and all costs incurred by Class Counsel in connection with the litigation of the Actions, including,  
9 without limitation, all work performed and costs incurred to date, and all work to be performed and  
10 all costs to be incurred in connection with obtaining the Court's approval of this Settlement  
11 Agreement, including any objections raised and any appeals necessitated by those objections. Class  
12 Counsel shall be solely and legally responsible for correctly characterizing this compensation for tax  
13 purposes and for paying any taxes on the amounts received. The Settlement Administrator shall issue  
14 an IRS Form 1099 to Class Counsel for the Attorneys' Fees and Costs. Any portion of the requested  
15 Attorneys' Fees and Costs that is not awarded by the Court to Class Counsel shall be reallocated to  
16 the Net Settlement Amount for the benefit of the Settlement Class Members.

17 16. Enhancement Payment. Defendants agree not to oppose or impede any application or  
18 motion by Plaintiff for an Enhancement Payment in the amount up to seven thousand five hundred  
19 dollars and zero cents (\$7,500.00). The Enhancement Payment, which will be paid from the Gross  
20 Fund Value, subject to Court approval, will be in addition to his Individual Settlement Payment as a  
21 Settlement Class Member and Individual PAGA Payment as an Aggrieved Employee. Plaintiff shall  
22 be solely and legally responsible for correctly characterizing this compensation for tax purposes and  
23 for paying any taxes on the amounts received. The Settlement Administrator shall issue an IRS Form  
24 1099 to Plaintiff for the Enhancement Payment. Any portion of the requested Enhancement Payment  
25 that is not awarded by the Court to Plaintiff shall be reallocated to the Net Settlement Amount for the  
26 benefit of the Settlement Class Members.

27 17. PAGA Payment. Subject to approval by the Court, the Parties agree that the amount  
28 of one hundred and forty-nine thousand five hundred and zero cents (\$149,500.00) shall be allocated

from the Gross Fund Value toward penalties under the Private Attorneys General Act, California Labor Code Section 2698, *et seq.* (i.e., the PAGA Payment), of which seventy-five percent (75%), or \$112,125.00, will be paid to the LWDA (i.e., the LWDA Payment) and twenty-five percent (25%), or \$37,375.00, will be distributed to Aggrieved Employees (i.e., the PAGA Employee Amount) on a *pro rata* basis, based on the total number of PAGA Workweeks worked by each Aggrieved Employee during the PAGA Period (i.e., the Individual PAGA Payments).

18. Settlement Administration Costs. The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments under the Settlement, which is currently not to exceed eleven thousand five hundred and zero cents (\$11,500.00). These costs, which will be paid from the Gross Fund Value, subject to Court approval, will include, *inter alia*, translating the Class Notice to Spanish, printing, distributing, and tracking Class Notices and other documents for the Settlement, calculating and distributing payments due under the Settlement, issuing of 1099 and W-2 IRS Forms and all required tax reporting, filings, withholdings, and remittances, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process the Settlement, and as requested by the Parties. To the extent the actual Settlement Administrator's costs are greater than the estimated amount stated herein, such excess amount will be deducted from the Gross Fund Value, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded Settlement Administration Costs which are not in fact required to fulfill payment to the Settlement Administrator to undertake the required settlement administration duties shall be reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

19. Escalator Clause. Defendants have represented that the Class Members worked a total of 44,939 Workweeks from November 7, 2019, to August 20, 2024, with regard to California Closet Company, Inc. and from January 1, 2022, to August 20, 2024, with regard to Cal. Closets Retail, Inc. If it is determined by the Settlement Administrator that the qualifying workweeks worked by the Class Members during the Class Period ultimately increase by more than 10% (i.e., if the workweeks exceed 49,432) through the date of Preliminary Approval, Defendants, at their option, can either choose to: (1) cut off the end date for the Class Period as of the date on which the number of workweeks reaches

49,432, or (2) increase the GFV on a proportional basis equal to the percentage increase in number of workweeks worked by the Class Members above the 10% (i.e., if there was an 11% increase in the number workweeks during the Class Period, Defendants would agree to increase the GFV by 1%).

20. Individual Settlement Share Calculations. Individual Settlement Shares will be calculated and apportioned from the Net Settlement Amount based on the Class Members' number of Workweeks, as follows:

a. After Preliminary Approval, the Settlement Administrator will divide the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweek Value," and multiply each Class Member's individual Workweeks by the Estimated Workweek Value to yield each Class Member's estimated Individual Settlement Share that each Class Member may be entitled to receive under the Class Settlement.

b. After Final Approval, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Members to yield the "Final Workweek Value," and multiply each Settlement Class Member's individual Workweeks by the Final Workweek Value to yield each Settlement Class Member's final Individual Settlement Share.

21. Individual PAGA Payment Calculations. Individual PAGA Payments will be calculated and apportioned from the PAGA Employee Amount based on the Aggrieved Employees' number of PAGA Workweeks, as follows: The Settlement Administrator will divide the PAGA Employee Amount, i.e., 25% of the PAGA Payment, by the PAGA Workweeks of all Aggrieved Employees to yield the "PAGA Workweek Value," and multiply each Aggrieved Employee's individual PAGA Workweeks by the PAGA Workweek Value to yield each Aggrieved Employee's Individual PAGA Payment.

22. Tax Treatment of Individual Settlement Shares and Individual PAGA Payments. Each Individual Settlement Share will be allocated as follows: twenty-five percent (25%) wages and seventy-five percent (75%) for non-wage damages and penalties. The portion allocated to wages will be reported on an IRS Form W-2 and the portions allocated to penalties and non-wage damages will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement Administrator will withhold the employee's share of taxes and withholdings with respect to the wages

1 portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their  
2 Individual Settlement Payments (i.e., payment of their Individual Settlement Share net of these taxes  
3 and withholdings). The Employer Taxes will be paid separately and in addition to the Gross Fund  
4 Value. Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties  
5 and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

6 23. Administration of Taxes by the Settlement Administrator. The Settlement  
7 Administrator will be responsible for issuing to Plaintiff, Settlement Class Members, Aggrieved  
8 Employees, and Class Counsel any tax forms (i.e., IRS Forms W-2, IRS Forms 1099, etc.) as may be  
9 required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement  
10 Administrator will also be responsible for calculating the Employer Taxes and forwarding all payroll  
11 taxes and other legally required withholdings to the appropriate government authorities. The  
12 Settlement Administrator will provide counsel for Defendants a copy of the tax filings and proof of  
13 payment.

14 24. Tax Liability. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel do not  
15 intend anything contained in this Settlement Agreement to constitute advice regarding taxes or  
16 taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiff, Settlement  
17 Class Members, and Aggrieved Employees are not relying on any statement, representation, or  
18 calculation by Defendants, the Settlement Administrator, or Class Counsel in this regard. Plaintiff,  
19 Settlement Class Members, and Aggrieved Employees understand and agree that Plaintiff, Settlement  
20 Class Members, and Aggrieved Employees will be solely responsible for the payment of any taxes  
21 and penalties assessed on the payments described in this Settlement Agreement. Plaintiff, Settlement  
22 Class Members, and Aggrieved Employees should consult with their tax advisors concerning the tax  
23 consequences of any payment they receive under the Settlement.

24 25. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT  
25 (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY  
26 TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN  
27 "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS  
28 SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE

1 BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISORS, IS  
2 OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE  
3 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE  
4 MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART  
5 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY  
6 UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE  
7 (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B)  
8 HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE  
9 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY  
10 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR  
11 DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY  
12 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO  
13 ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION  
14 THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S  
15 TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY  
16 BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX  
17 TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY  
18 TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

19 26. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the  
20 Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually  
21 are issued to the payee. It is expressly understood and agreed that payments made under this  
22 Settlement shall not in any way entitle Plaintiff, Settlement Class Members, or any Aggrieved  
23 Employee to additional compensation or benefits under any new or additional compensation or  
24 benefits, or any bonus, contest, or other compensation or benefit plan or agreement in place during the  
25 Class Period, nor will it entitle Plaintiff, Settlement Class Members, or any Aggrieved Employee to  
26 any increased retirement, 401K benefits or matching benefits, or deferred compensation benefits  
27 (notwithstanding any contrary language or agreement in any benefit or compensation plan document  
28 that might have been in effect during the Class Period).

27. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement.

Upon execution of this Settlement Agreement, Plaintiff will obtain a hearing date from the Court for Plaintiff's motion for preliminary approval of the Settlement, which Plaintiff and Class Counsel will be responsible for drafting, and submit this Settlement Agreement to the Court in support of said motion. Class Counsel will provide Defendants' Counsel a draft of the preliminary approval motion before filing it with the Court. Defendants agree not to oppose the motion for preliminary approval of the Settlement consistent with this Settlement Agreement. By way of said motion, Plaintiff will apply for the entry of the Preliminary Approval Order seeking the following:

- a. Conditionally certifying the Class for settlement purposes only;
- b. Granting Preliminary Approval of the Settlement;
- c. Preliminarily appointing Plaintiff as the representative of the Class;
- d. Preliminarily appointing Class Counsel as counsel for the Class;
- e. Approving as to form and content, the mutually-agreed upon and proposed Class Notice and directing its mailing by First Class U.S. Mail;
- f. Approving the manner and method for Class Members to request exclusion from or object to the Class Settlement as contained herein and within the Class Notice;
- g. Scheduling a Final Approval Hearing at which the Court will determine whether Final Approval of the Settlement should be granted.

28. Notice of Settlement to the LWDA. Pursuant to California Labor Code § 2699(1)(2), Class Counsel shall notify the LWDA of the Settlement upon filing the motion for preliminary approval of the Settlement.

29. Delivery of Class List. Within thirty (30) calendar days of Preliminary Approval, Defendants will provide the Class List to the Settlement Administrator.

30. Notice by First-Class U.S. Mail.

- a. Within seven (7) calendar days after receiving the Class List from Defendants, the Settlement Administrator will perform a search based on the National Change of Address Database or any other similar services available, such as provided by Experian, for information to update and correct for any known or identifiable address changes, and will mail a Class Notice in English and

Spanish (in the form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via First-Class U.S. Mail, using the most current, known mailing addresses identified by the Settlement Administrator.

b. Any Class Notice returned to the Settlement Administrator as undeliverable on or before the Response Deadline will be sent promptly via First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement Administrator will indicate the date of such re-mailing on the Class Notice. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other search, using the name, address, and/or Social Security number of the Class Member, and perform a single re-mailing within five (5) calendar days.

c. Compliance with the procedures described herein above shall constitute due and sufficient notice to Class Members of the Settlement and shall satisfy the requirements of due process. Nothing else shall be required of or done by the Parties, Class Counsel, or Defendants' Counsel to provide notice of the Settlement.

31. Disputes Regarding Workweeks and/or PAGA Workweeks. Class Members will have an opportunity to dispute the number of Workweeks and/or PAGA Workweeks to which they have been credited, as reflected in their respective Class Notices, by submitting a timely and valid Workweeks Dispute to the Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether a Workweeks Dispute has been timely submitted. Absent evidence rebutting the accuracy of Defendants' records and data as they pertain to the number of Workweeks and/or PAGA Workweeks to be credited to a disputing Class Member, Defendants' records will be presumed to be correct and determinative of the dispute. However, if a Class Member produces information and/or documents to the contrary, the Settlement Administrator will evaluate the materials submitted by the Class Member and the Settlement Administrator will resolve and determine the number of eligible Workweeks and/or PAGA Workweeks that the disputing Class Member should be credited with under the Settlement. The Settlement Administrator's decision on such disputes will be final and non-appealable.

1           32.     Requesting Exclusion from the Class Settlement. Any Class Member wishing to be  
2 excluded from the Class Settlement must submit a timely and valid Request for Exclusion to the  
3 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the  
4 postmark on the return mailing envelope will be the exclusive means to determine whether a Request  
5 for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class  
6 Counsel and Defendants' Counsel the number of timely and valid Requests for Exclusion that are  
7 submitted, and also identify the individuals who have submitted a timely and valid Request for  
8 Exclusion in a declaration that is to be filed with the Court in advance of the Final Approval Hearing.  
9 At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members  
10 to request exclusion from the Class Settlement. Any Class Member who submits a Request for  
11 Exclusion is prohibited from making any objection to the Class Settlement. Any Class Member who  
12 submits a timely and valid Request for Exclusion will not be bound by the Class Settlement and will  
13 not be issued an Individual Settlement Payment. Any Class Member who does not affirmatively  
14 request exclusion from the Class Settlement by submitting a timely and valid Request for Exclusion  
15 will be bound by all of the terms of the Class Settlement, including, and not limited to, those pertaining  
16 to the Class Released Claims, as well as any judgment that may be entered by the Court if it grants  
17 Final Approval to the Settlement. Notwithstanding the above, all Aggrieved Employees will be bound  
18 to the PAGA Settlement and will be issued their Individual PAGA Payment, irrespective of whether  
19 they submit a Request for Exclusion.

20           33.     Objecting to the Class Settlement. To object to the Class Settlement, Settlement Class  
21 Members must submit a timely and complete Notice of Objection to the Settlement Administrator, by  
22 mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing  
23 envelope will be the exclusive means to determine whether a Notice of Objection has been timely  
24 submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendants'  
25 Counsel the number of Notices of Objection that are submitted (specifying which ones were timely  
26 and complete and which were not), and also attach them to a declaration that is to be filed with the  
27 Court in advance of the Final Approval Hearing. At no time will any of the Parties or their counsel  
28 seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or

1 appeal from the Final Approval Order and Judgment. Settlement Class Members, individually or  
2 through counsel, may also present their objection orally at the Final Approval Hearing, regardless of  
3 whether they have submitted a Notice of Objection.

4 1. Reports by the Settlement Administrator. The Settlement Administrator shall provide  
5 weekly reports to counsel for the Parties providing: (a) the number of undeliverable and re-mailed  
6 Class Notices; (ii) the number of Class Members who have submitted Workweeks Disputes; (iii) the  
7 number of Class Members who have submitted Requests for Exclusion; and (iv) the number of  
8 Settlement Class Members who have submitted Notices of Objection. Additionally, the Settlement  
9 Administrator will provide to counsel for the Parties any updated reports regarding the administration  
10 of the Settlement Agreement as needed or requested, and immediately notify the Parties when it  
11 receives a request from an individual or any other entity regarding inclusion in the Class and/or  
12 Settlement or regarding a Workweeks Dispute.

13 34. Defendants' Right to Rescind. If more than seven and a half percent (7.5%) of the  
14 Class Members submit timely and valid Requests for Exclusion, Defendants may elect to rescind the  
15 Settlement Agreement. Defendants must exercise this right of rescission in writing that is provided to  
16 Class Counsel within fourteen (14) calendar days of the Settlement Administrator notifying the Parties  
17 of the number of Class Members who have submitted timely and valid Requests for Exclusion  
18 following the Response Deadline. If Defendants exercise this option, Defendants shall pay any costs  
19 of settlement administration owed to the Settlement Administrator incurred up to that date.

20 35. Certification of Completion. Upon completion of administration of the Settlement, the  
21 Settlement Administrator will provide a written declaration under oath to certify such completion to  
22 the Court and counsel for all Parties.

23 36. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After  
24 the Response Deadline, a Final Approval Hearing will be conducted to determine whether Final  
25 Approval of the Settlement should be granted, along with the amounts properly payable for: (a)  
26 Individual Settlement Shares; (b) Individual PAGA Payments; (c) LWDA Payment; (d) Attorneys'  
27 Fees and Costs; (e) Enhancement Payment; and (f) Settlement Administration Costs. The Final  
28 Approval Hearing will not be held earlier than thirty (30) calendar days after the Response Deadline.

Plaintiff and Class Counsel will be responsible for drafting the motion seeking Final Approval of the Settlement. Class Counsel will provide Defendants' Counsel a draft of the final approval motion before filing it with the Court. By way of said motion, Plaintiff will apply for the entry of the Final Approval Order and Judgment, which will provide for, in substantial part, the following:

- a. Approval of the Settlement as fair, reasonable, and adequate, and directing consummation of its terms and provisions;
- b. Certification of the Settlement Class;
- c. Approval of the application for Attorneys' Fees and Costs to Class Counsel;
- d. Approval of the application for Enhancement Payment to Plaintiff;
- e. Directing Defendants to fund all amounts due under the Settlement Agreement and ordered by the Court; and
- f. Entering judgment in the Actions, while maintaining continuing jurisdiction, in conformity with California Rules of Court 3.769 and the Settlement Agreement.

37. Funding of the Gross Fund Value. No later than thirty (30) days after the Effective Date, Defendants will deposit the Gross Fund Value into a Qualified Settlement Fund ("QSF") within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement Administrator. Defendants shall provide all information necessary for the Settlement Administrator to calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance tax ID number, and other information requested by the Settlement Administrator, no later than ten (10) business days after the Effective Date.

38. Distribution of the Gross Fund Value. Within seven (7) days of the funding of the Gross Fund Value, the Settlement Administrator will issue the Individual Settlement Payments to Settlement Class Members, Individual PAGA Payments to Aggrieved Employees, LWDA Payment to the LWDA, Enhancement Payment to Plaintiff, Attorneys' Fees and Costs to Class Counsel, and Settlement Administration Costs to itself. The Settlement Administrator shall also set aside the Employer Taxes and all employee-side payroll taxes, contributions, and withholding, and timely forward these to the appropriate government authorities.

39. Settlement Checks. The Settlement Administrator will be responsible for undertaking appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way

of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the Aggrieved Employees in accordance with this Settlement Agreement. When issuing payments, the Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA Payment into one check if the intended recipient for both payments is one individual. Settlement Class Members and Aggrieved Employees are not required to submit a claim to be issued an Individual Settlement Payment and/or Individual PAGA Payment. Each Individual Settlement Payment and Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are issued, and thereafter, shall be canceled. Any funds associated with such canceled checks shall be distributed by the Settlement Administrator to the State of California's Unclaimed Property Fund in the name of the Settlement Class Member and/or Aggrieved Employee. The Parties agree that this disposition results in no "unpaid residue" under California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to Settlement Class Members, whether they cash their settlement checks. Therefore, Defendants will not be required to pay any interest on such amounts. The Settlement Administrator shall undertake amended and/or supplemental tax filings and reporting required under applicable local, state, and federal tax laws that are necessitated due to the cancelation of any Individual Settlement Payment and/or Individual PAGA Payment checks. Settlement Class Members whose Individual Settlement Payment checks are canceled shall, nevertheless, be bound by the Class Settlement, and Aggrieved Employees whose Individual PAGA Payment checks are cancelled shall, nevertheless, be bound by the PAGA Settlement.

40. Class Settlement Release. Upon the full funding of the Gross Fund Value, Plaintiff and all Settlement Class Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Class Released Claims.

41. PAGA Settlement Release. Upon the full funding of the Gross Fund Value, Plaintiff, the State of California with respect to all Aggrieved Employees, and all Aggrieved Employees will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all PAGA Released Claims.

42. Plaintiff's General Release. Upon the full funding of the Gross Fund Value, Plaintiff,

individually and on his own behalf, will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, or causes of action of any kind or nature whatsoever, known or unknown, suspected or unsuspected, asserted or unasserted, which Plaintiff, at any time of execution of this Settlement Agreement, had or claimed to have or may have, including, but not limited to, any and all claims arising out of, relating to, or resulting from his employment and/or separation of employment with the Released Parties, including any claims arising under any federal, state, or local law, statute, ordinance, rule, or regulation or Executive Order relating to employment, including, but in no way limited to, any claim under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 1981; the Americans with Disabilities Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act; the California Family Rights Act; the California Fair Employment and Housing Act; all claims for wages or penalties under the Fair Labor Standards Act; all claims for wages or penalties under the California Labor Code; Business and Professions Code sections 17200 *et seq.*; all laws relating to violation of public policy, retaliation, or interference with legal rights; any and all other employment or discrimination laws; whistleblower claims; any tort, fraud, or constitutional claims; and any breach of contract claims or claims of promissory estoppel. It is agreed that this is a general release and is to be broadly construed as a release of all claims, provided that, notwithstanding the foregoing, this Paragraph expressly does not include a release of any claims that cannot be released hereunder by law. Plaintiff understands and expressly agrees that this Settlement Agreement extends to claims that he has against Defendants, of whatever nature and kind, known or unknown, suspected or unsuspected, vested or contingent, past, present, or future, arising from or attributable to an incident or event, occurring in whole or in part, on or before the execution of this Settlement Agreement. Any and all rights granted under any state or federal law or regulation limiting the effect of this Settlement Agreement, including the provisions of Section 1542 of the California Civil Code, ARE HEREBY EXPRESSLY WAIVED. Section 1542 of the California Civil Code reads as follows:

**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.**

43. Final Approval Order and Judgment. The Parties shall provide the Settlement Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for sixty (60) calendar days. No individualized notice of the Final Approval Order and Judgment to the Class will be required.

44. Continued Jurisdiction. After entry of the judgment pursuant to the Settlement, the Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters, and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

45. Effects of Termination or Rescission of Settlement. Termination or rescission of the Settlement Agreement shall have the following effects:

a. The Settlement Agreement shall be void and shall have no force or effect, and no Party shall be bound by any of its terms;

b. In the event the Settlement Agreement is terminated, Defendants shall have no obligation to make any payments to any Party, Class Member, or attorney, except that the terminating Party shall pay the Settlement Administrator for services rendered up to the date the Settlement Administrator is notified that the Settlement has been terminated;

c. The Preliminary Approval Order, Final Approval Order and Judgment, including any order certifying the Class, shall be vacated;

d. The Settlement Agreement and all negotiations, statements, and proceedings relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored to their respective positions in the Actions prior to the execution of the Settlement Agreement;

e. Neither this Settlement Agreement, nor any ancillary documents, actions,

statements, or filings in furtherance of the Settlement (including all matters associated with the mediation) shall be admissible or offered into evidence in the Actions or any other action for any purpose whatsoever; and

f. Any documents generated to bring the Settlement into effect, will be null and void, and any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning.

46. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

47. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set forth in any attached exhibits, which are incorporated by this reference as though fully set forth in this Settlement Agreement. Any exhibits to this Settlement Agreement are an integral part of the Settlement.

48. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the entirety of the Parties' agreement relating to the Settlement and transactions completed in accordance with the Settlement, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged in this Settlement Agreement. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties expressly recognize California Civil Code § 1625 and California Code of Civil Procedure § 1856(a), which provide that a written agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic oral or written representations or terms will modify, vary, or contradict the terms of this Settlement Agreement.

49. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in the Actions (including with respect to California Code of Civil Procedure § 583.310), except such proceedings necessary to implement and complete this Settlement Agreement, pending the Final Approval Hearing to be conducted by the Court.

50. Amendment or Modification. Prior to the filing of the motion for preliminary approval of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement

1 except by written agreement signed by counsel for all Parties. After the filing of the motion for  
2 preliminary approval of the Settlement, the Parties may not amend or modify any provision of this  
3 Settlement Agreement except by written agreement signed by counsel for all the Parties and subject  
4 to Court approval. A waiver or amendment of any provision of this Settlement Agreement will not  
5 constitute a waiver of any other provision.

6 51. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and  
7 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement  
8 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant  
9 to this Settlement Agreement to effectuate its terms and to execute any other documents required to  
10 effectuate the terms of this Settlement Agreement. Each Party warrants that he/it understands and has  
11 full authority to enter into this Settlement Agreement, and further intends that this Settlement  
12 Agreement will be fully enforceable and binding on him/it, as the case may be, and agrees that this  
13 Settlement Agreement will be admissible and subject to disclosure in any proceeding to enforce its  
14 terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under  
state or federal law.

15 52. Signatories. It is agreed that because the members of the Class are so numerous, it is  
16 impossible or impractical to have each Settlement Class Member or Aggrieved Employee execute this  
17 Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the  
18 Class Settlement as to the Settlement Class Members and the binding nature of the PAGA Settlement  
19 as to the Aggrieved Employees, and the releases provided for by this Settlement Agreement shall have  
20 the same force and effect as if this Settlement Agreement were executed by each Settlement Class  
21 Member and Aggrieved Employee.

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

24 54. California Law Governs. All terms of this Settlement Agreement and attached exhibits  
25 hereto will be governed by and interpreted according to the laws of the State of California.

26 55. Execution and Counterparts. This Settlement Agreement is subject only to the  
27 execution of all Parties. However, this Settlement Agreement may be executed in one or more  
28 counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned

copies of the signature page, will be deemed to be one and the same instrument.

56. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived at this Settlement after arm's length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if necessary to obtain approval of the Settlement, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether the Settlement is objectively fair and reasonable.

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

58. Plaintiff's Cooperation. Plaintiff agrees to sign this Settlement Agreement and, by signing this Settlement Agreement, is hereby bound by the terms herein and agrees to fully cooperate to implement the Settlement.

59. Non-Admission of Liability. The Parties enter into this Settlement Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of continued litigation. In entering into this Settlement Agreement, Defendants do not admit, and specifically deny, they have violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendants of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement Agreement, this Settlement Agreement and its terms and provisions shall not be offered or

received as evidence in any action or proceeding to establish any liability or admission on the part of Defendants or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law.

60. Captions. The captions and paragraph numbers in this Settlement Agreement are inserted for the reader's convenience, and in no way define, limit, construe, or describe the scope or intent of the provisions of this Settlement Agreement.

61. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one Party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arms-length negotiations between the Parties, all Parties have contributed equally to the preparation of this Settlement Agreement.

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

63. All Terms Subject to Final Court Approval. All amounts and procedures described in this Settlement Agreement herein will be subject to final Court approval.

64. Notices. All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and deemed to have been duly given as of the third business day after mailing by First Class U.S. Mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff and Class Counsel:

Jonathan M. Genish

jgenish@blackstonepc.com

Karen I. Gold

kgold@blackstonepc.com

Sara Pezeshkpour

spezeshkpour@blackstonepc.com

Ashley H. Cruz

acruz@blackstonepc.com

Marissa A. Mayhood

mmayhood@blackstonepc.com  
**BLACKSTONE LAW, APC**  
 8383 Wilshire Boulevard, Suite 745  
 Beverly Hills, California 90211  
 Tel: (310) 622-4278 / Fax: (855) 786-6356

To Defendants:  
 P. Dustin Bodaghi  
 dbodaghi@littler.com  
 Kimberly M. Shappley  
 kshappley@littler.com  
**LITTLER MENDELSON, P.C.**  
 18565 Jamboree Road  
 Suite 800  
 Irvine, California 92612  
 Tel: (949) 705-3000 / Fax: (949) 724-1201

65. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement, including, and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement this Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

**IN WITNESS WHEREOF**, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Class Action and PAGA Settlement between Plaintiff and Defendant:

**IT IS SO AGREED.**

**PLAINTIFF JESSE ROMERO**

Dated: 10/25/2024



\_\_\_\_\_  
 Jesse Romero

**DEFENDANT CALIFORNIA CLOSET COMPANY, INC.**

Dated: 11/3/2024

DocuSigned by:  
  
AC08BF22BC7040F...

Full Name: Rhonda Biddix

Title: CFO

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On behalf of California Closet Company, Inc.

**DEFENDANT CAL. CLOSET RETAIL,  
INC.**

Dated: 11/3/2024

DocuSigned by:  
*Rhonda Biddix*  
AC08BF22BC71040F

Full Name: Rhonda Biddix

Title: CFO

On behalf of Cal. Closet Retail, Inc.

**Ex. A**

## NOTICE OF CLASS ACTION AND PAGA SETTLEMENT

*Jesse Romero v. Cal. Closets Retail Inc., et al.*

**Superior Court of California for the County of Los Angeles, Case Nos. 23STCV27355; 23STCV31746**

**PLEASE READ THIS CLASS NOTICE CAREFULLY.**

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

**YOU ARE NOTIFIED THAT:** A class and representative action settlement has been reached between Plaintiff Jesse Romero (“Plaintiff”) and Defendants California Closet Company, Inc. and Cal Closets Retail, Inc. (collectively, “Defendants”) (Plaintiff and Defendants are collectively referred to as the “Parties”) in the cases entitled *Jesse Romero v. Cal. Closets Retail Inc., et al.*, Los Angeles County Superior Court, Case Nos. 23STCV27355; 23STCV31746 (the “Actions”), which may affect your legal rights. On [date of Preliminary Approval], the Court granted preliminary approval of the settlement and scheduled a hearing on [hearing date] at [hearing time] to determine whether or not the Court should grant final approval of the settlement (“Final Approval Hearing”).

### **I. IMPORTANT DEFINITIONS**

“**Class**” or “**Class Member**” means all current and former hourly-paid and/or non-exempt employees who worked for Defendants within the State of California at any time during the Class Period.

“**Class Period**” means the period from November 7, 2019, through Preliminary Approval of the settlement with regard to Defendant California Closet Company, Inc., and January 1, 2022, through Preliminary Approval of the settlement with regard to defendant Cal Closets Retail, Inc.

“**Class Settlement**” means the settlement and resolution of all Class Released Claims (as defined below).

“**Aggrieved Employees**” means all current and former hourly-paid and/or non-exempt employees who worked for Defendants in the State of California at any time during the PAGA Period.

“**PAGA Period**” means the period from October 24, 2022, through Preliminary Approval of the settlement.

“**PAGA Settlement**” means the settlement and resolution of all PAGA Released Claims (as defined below).

“**Preliminary Approval**” means the date the Court issues its order preliminarily approving the settlement.

### **II. BACKGROUND OF THE ACTION**

On October 24, 2023, Plaintiff provided written notice to the California Labor and Workforce Development Agency (“LWDA”) and Defendants of alleged violations of the California Labor Code (“PAGA Letter”). On November 7, 2023, Plaintiff commenced a putative class action lawsuit by filing a Class Action Complaint for Damages in the Los Angeles County Superior Court, Case No. 23STCV27355. On December 28, 2023, Plaintiff filed a Complaint for Enforcement Action Under the Private Attorneys General Act, California Labor Code §§ 2698. *et seq.* in the Los Angeles County Superior Court, Case No. 23STCV31746. On October 8, 2024, Plaintiff provided written notice to the LWDA and Defendants of additional provisions of the California Labor Code that Plaintiff contends were violated (“Amended PAGA Letter”). On October 10, 2024, Plaintiff filed a First Amended Class and PAGA Representative Action Complaint (“Operative Complaint”) alleging the following causes of action: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations; (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6) Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements, Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; (12) Unfair Competition; and (13) Violation of the California Private Attorneys General Act.

Plaintiff contends that Defendants failed to: (i) properly pay minimum and overtime wages, (ii) provide compliant meal and

rest breaks and associated premiums, (iii) timely pay wages during employment, (iv) timely pay wages upon termination of employment and associated waiting-time penalties, (v) provide accurate wage statements, (vi) properly pay vacation and holiday wages, (vii) provide proper payment of final wages, (viii) provide sick leave and notice of entitlement to sick leave and (ix) reimburse business expenses, and thereby (x) engaged in unfair business practices in violation of the California Business and Professions Code section 17200, *et seq.*, and (xi) conduct that gives rise to penalties under the PAGA. Plaintiff sought, among other things, recovery of unpaid wages and meal and rest period premiums, unreimbursed business expenses, restitution, penalties, interest, and attorneys' fees and costs.

Defendants deny all of the allegations in the Actions, that they violated any law, or that they failed to pay any wages and contend they complied with all applicable laws.

The Parties participated in mediation with a respected class action mediator, and as a result, the Parties reached a settlement. The Parties have since entered into a Joint Stipulation of Class Action and PAGA Settlement ("Settlement" or "Settlement Agreement").

On [Date of Preliminary Approval], the Court entered an order preliminarily approving the Settlement. 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 Defendants to make payments under the Settlement and require Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendants unless they timely opt-out of the settlement.

If you are a Class Member, you need not take any action to receive an Individual Settlement Payment, but you have the opportunity to request exclusion from the Class Settlement (in which case you will not receive an Individual Settlement Payment), object to the Class Settlement, and/or dispute the Workweeks and/or PAGA Workweeks credited to you, if you so choose, as explained more fully in Sections III and IV below. If you are an Aggrieved Employee, you do not need to take any action to receive an Individual PAGA Payment; you will not have the opportunity to object or seek exclusion from the PAGA Settlement and all Aggrieved Employees will be bound to the PAGA Settlement if the Court grants final approval of the Settlement.

The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendants that the claims in the Actions have merit or that Defendants have any liability to Plaintiff, Class Members, or Aggrieved Employees. Plaintiff and Defendants, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of the Class Members, the State of California, and Aggrieved Employees.

### **III. SUMMARY OF THE PROPOSED SETTLEMENT**

#### **A. Settlement Formula**

The total gross settlement amount is one million four hundred and ninety-five thousand dollars and zero cents (\$1,495,000.00) (the "Gross Fund Value"). The portion of the Gross Fund Value that is available for payment to Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Gross Fund Value less the following payments which are subject to approval by the Court: (1) attorneys' fees, in an amount not to exceed 33.33% of the Gross Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00), and reimbursement of litigation costs and expenses, in an amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00) to Class Counsel; (2) Enhancement Payment in an amount not to exceed seven thousand five hundred dollars and zero cents (\$7,500.00) to Plaintiff for his services in the Actions; (3) the amount of one hundred and forty-nine thousand five hundred and zero cents (\$149,500.00) allocated toward civil penalties under the Private Attorneys General Act ("PAGA Payment"), of which the LWDA will be paid 75% (\$112,125.00) ("LWDA Payment") and the remaining 25% (\$37,375.00) will be distributed to Aggrieved Employees ("PAGA Employee Amount"); and (4) Settlement Administration Costs in an amount not to exceed eleven thousand five hundred and zero cents (\$11,500.00) to Apex Class Action, LLC ("Settlement Administrator").

Class Members are eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount (“Individual Settlement Share”) based on the number of weeks each Class Member worked for Defendants as an hourly-paid or non-exempt employee in California during the Class Period (“Workweeks”). The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the “Estimated Workweek Value,” and multiplied each Class Member’s individual Workweeks by the Estimated Workweek Value to yield an estimated Individual Settlement Share that each Class Member may be entitled to receive under the Class Settlement (which is listed in Section III.C below). Class Members who do not submit a timely and valid Request for Exclusion (“Settlement Class Members”) will be issued their final Individual Settlement Payment following final approval of the settlement by the Court.

Each Individual Settlement Share will be allocated as twenty-five percent (25%) as wages, which will be reported on an IRS Form W-2, and seventy-five percent (75%) as non-wage damages and penalties, which will be reported on an IRS Form 1099 (if applicable). Each Individual Settlement Share will be subject to reduction for the employee’s share of payroll taxes and withholdings with respect to the wages portion of the Individual Settlement Shares resulting in a net payment to the Settlement Class Member (“Individual Settlement Payment”). The employer’s share of taxes and contributions in connection with the wages portion of Individual Settlement Shares (“Employer Taxes”) will be paid by Defendants separately and in addition to the Gross Fund Value.

Aggrieved Employees are eligible to receive payment under the PAGA Settlement of their *pro rata* share of the PAGA Employee Amount (“Individual PAGA Payment”) based on the number of weeks each Aggrieved Employee worked for Defendants as an hourly-paid or non-exempt employee in California during the PAGA Period (“PAGA Workweeks”). The Settlement Administrator has divided the PAGA Employee Amount, i.e., 25% of the PAGA Payment, by the PAGA Workweeks of all Aggrieved Employees to yield the “PAGA Workweek Value,” and multiplied each Aggrieved Employee’s individual PAGA Workweeks by the PAGA Workweek Value to yield each Aggrieved Employee’s Individual PAGA Payment.

Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, will not be subject to withholdings, and will be reported on IRS Form 1099 (if applicable).

If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to Settlement Class Members and Individual PAGA Payments will be mailed to Aggrieved Employees at the address that is on file with the Settlement Administrator. **If the address to which this Class Notice was mailed is not correct, or if you move after you receive this Class Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure you receive any payment that you may be entitled to under the Settlement.**

## **B. Your Workweeks and PAGA Workweeks (if applicable) Based on Defendant’s Records**

According to Defendants’ records:

- From [REDACTED] through [REDACTED] (i.e., the Class Period), you are credited as having worked [REDACTED] Workweeks.
- From [REDACTED] through [REDACTED] (i.e., the PAGA Period), you are credited as having worked [REDACTED] PAGA Workweeks.

If you wish to dispute the Workweeks and/or PAGA Workweeks credited to you, you must submit your dispute in writing to the Settlement Administrator (“Workweeks Dispute”). The Workweeks Dispute must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc., et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and the last four (4) digits of your Social Security number; (c) clearly state that you dispute the number of Workweeks and/or PAGA Workweeks credited to you and what you contend is the correct number; (d) include support for your challenge by sending copies of pay stubs or other records; and (e) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B below, postmarked **on or before** [Response Deadline].

The Settlement Administrator will accept Defendants’ calculation of Workweeks based on Defendants’ 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 Settlement Administrator will resolve Workweek challenges based on your submission and on input from Class Counsel and Defendants’ Counsel. The Settlement Administrator’s decision is final.

You can't appeal or otherwise challenge its final decision.

**C. Your Estimated Individual Settlement Share and Individual PAGA Payment (if applicable)**

As explained above, your estimated Individual Settlement Share and Individual PAGA Payment (if applicable) is based on the number of Workweeks and PAGA Workweeks (if applicable) credited to you.

**Under the terms of the Settlement, your Individual Settlement Share is estimated to be \$ [REDACTED]. The Individual Settlement Share is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.**

**Under the terms of the Settlement, your Individual PAGA Payment is estimated to be \$ [REDACTED] and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.**

The settlement approval process may take multiple months. Your Individual Settlement Share and Individual PAGA Payment (if applicable) reflected in this Class Notice is only an estimate. Your actual Individual Settlement Payment and Individual PAGA Payment (if applicable) may be higher or lower.

**D. Release of Claims**

Upon the full funding of the Gross Fund Value, Plaintiff and all Settlement Class Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Class Released Claims.

Upon the full funding of the Gross Fund Value, Plaintiff, the State of California with respect to all Aggrieved Employees, and all Aggrieved Employees will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all PAGA Released Claims.

"Class Released Claims" means all claims that were alleged, or reasonably could have been alleged based on the factual allegations contained in the Operative Complaint, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, California Industrial Commission Wage Orders, and including all claims related to alleged: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations; (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6) Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements, Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; and (12) Unfair Competition. This further includes any and all other claims under California common law, the California Labor Code, and the California Business and Professions Code alleged in or that could have been alleged under the facts, allegations and/or claims pleaded in the Actions. This expressly excludes the PAGA Released Claims, which are separately released below.

"PAGA Released Claims" means upon Defendant's fulfillment of its payment obligations of this Agreement, in exchange for the consideration provided by this Agreement, Plaintiff, the State of California, the LWDA, the Aggrieved Employees and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns and any other representative, proxy, or agent thereof shall release the Released Parties from all claims made or which could have been made for civil penalties under the PAGA, Labor Code section 2698, et seq., based on the facts pled in Plaintiff's letters to the LWDA (including his initial letter to the LWDA and the amended letter discussed above) and the Operative Complaint, from October 24, 2022 to the date of Preliminary Approval of the settlement including, but not limited to, any and all claims for PAGA penalties involving any allegations that Defendants failed to pay all wages due (including minimum wages, regular wages, sick pay, vacation pay, holiday pay, paid time off and overtime wages or double time wages); failed to provide legally-compliant meal and rest breaks and failed to pay premium pay for missed, late, interrupted or short meal and rest breaks; failed to timely pay all earned wages and compensation; failed to timely pay wages during employment; improper payment of final wages; failure to provide sick leave and notice of entitlement to sick leave; failed to reimburse necessary business expenses; failed to provide timely final pay; failed to maintain required records;

recordkeeping violations; failed to properly pay sick pay and vacation time; failed to provide accurate itemized wage statements, as well as any claims under the California Labor Code for violations of Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800, 2802, and applicable IWC Wage Orders, and California Code of Regulations, Title 8, section 11000, et seq. The Aggrieved Employees shall release their PAGA claims, to the extent they have any interest, in their entirety and may not opt out of the PAGA Released Claims.

“Released Parties” means: (i) Defendants; (ii) each of Defendants’ past, present, and future direct and indirect parents; (iii) the respective past, present, and future direct and indirect subsidiaries and affiliates of any of the foregoing; (iv) the past, present, and future shareholders, directors, officers, agents, employees, attorneys, insurers, members, partners, managers, contractors, agents, consultants, representatives, administrators, fiduciaries, benefit plans, transferees, predecessors, successors and assigns of any of the foregoing; and (v) any individual or entity which could be jointly liable with any of the foregoing.

#### **E. Attorneys’ Fees and Costs to Class Counsel**

Class Counsel will seek attorneys’ fees in an amount not to exceed one third (33.33%) of the Gross Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00) and reimbursement of litigation costs and expenses in an amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00) (collectively, “Attorneys’ Fees and Costs”), subject to approval by the Court. The Attorneys’ Fees and Costs granted by the Court will be paid from the Gross Fund Value. Class Counsel has been prosecuting the Actions on behalf of Plaintiff, Class Members, and Aggrieved Employees on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses.

#### **F. Enhancement Payment to Plaintiff**

Plaintiff will seek the amount of seven thousand five hundred dollars and zero cents (\$7,500.00) (“Enhancement Payment”), in recognition of his services in connection with the Actions. The Enhancement Payment will be paid from the Gross Fund Value, subject to approval by the Court, and if awarded, it will be paid to Plaintiff in addition to his Individual Settlement Payment and Individual PAGA Payment that he is entitled to under the Settlement.

#### **G. Settlement Administration Costs to Settlement Administrator**

Payment to the Settlement Administrator is estimated not to exceed eleven thousand five hundred and zero cents (\$11,500.00) (“Settlement Administration Costs”) for the costs of the notice and settlement administration process, including, and not limited to, the expense of notifying the Class Members of the Settlement, processing Requests for Exclusion, Notices of Objection, and Workweeks Disputes, calculating Individual Settlement Shares, Individual Settlement Payments, and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Gross Fund Value, subject to approval by the Court.

### **IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?**

#### **A. Participate in the Settlement**

**If you want to participate in the Class Settlement and receive money from the Class Settlement, you do not have to do anything.** You will automatically be included in the Class Settlement and issued your Individual Settlement Payment unless you decide to exclude yourself from the Class Settlement.

Unless you elect to exclude yourself from the Class Settlement and if the Court grants final approval of the Settlement, you will be bound by the terms of the Class Settlement and any judgment that may be entered by the Court based thereon, and you will release the Class Released Claims against the Released Parties as described in Section III.D above.

If you are an **Aggrieved** Employee and the Court grants final approval of the Settlement, you will automatically be included in the PAGA Settlement and issued your Individual PAGA Payment. This means you will be bound by the terms of the PAGA Settlement and any judgment that may be entered by the Court based thereon, and you will release the PAGA Released Claims against the Released Parties as described in Section III.D above.

As a Class Member and **Aggrieved** Employee (if applicable), you will not be separately responsible for the payment of

attorney's fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney's fees and expenses.

## **B. Request Exclusion from the Class Settlement**

Class Members may request to be excluded from the Class Settlement by submitting a letter ("Request for Exclusion") to the Settlement Administrator, at the following address:

[Settlement Administrator]

[Mailing Address]

A Request for Exclusion must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc. et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security number; (c) clearly state that you do not wish to be included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the specified address above, postmarked **on or before** [Response Deadline].

If the Court grants final approval of the Settlement, any Class Member who submits a timely and valid Request for Exclusion will not be issued an Individual Settlement Payment, will not be bound by the Class Settlement (and the release of Class Released Claims described in Section III.D above), and will not have any right to object to, appeal, or comment on the Class Settlement. Class Members who do not submit a timely and valid Request for Exclusion will be deemed Settlement Class Members and will be bound by all terms of the Class Settlement, including those pertaining to the release of claims described in Section III.D above, as well as any judgment that may be entered by the Court based thereon.

Aggrieved Employees will be bound to the PAGA Settlement (and the release of PAGA Released Claims described in Section III.D above) and will still be issued an Individual PAGA Payment, irrespective of whether they submit a Request for Exclusion.

## **C. Object to the Class Settlement**

You can object to the Class Settlement as long as you have not submitted a Request for Exclusion by submitting a written objection ("Notice of Objection") to the Settlement Administrator.

The Notice of Objection must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc. et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and the last four (4) digits of your Social Security number; (c) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; and (e) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B above, postmarked **on or before** [Response Deadline].

You may also appear at the Final Approval Hearing (discussed below) and present your objection orally, regardless of whether you have submitted a Notice of Objection.

## **D. Need to Promptly Cash Payment Checks**

The front of every check issued for Individual Class 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 monies represented by your check are sent to the Controller's Unclaimed Property, you should consult the rules of the California Controller's Unclaimed Property Fund for instructions on how to retrieve your money.

## **V. FINAL APPROVAL HEARING**

The Court will hold a Final Approval Hearing in Department 7 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California, 90012 on [date], at [time], to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve and grant the Attorneys' Fees and Costs to Class Counsel, Enhancement Payment to Plaintiff, and Settlement Administration Costs to the Settlement Administrator.

The Final Approval Hearing may be continued without further notice to the Class Members and Aggrieved Employees. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

You can find more information regarding appearing remotely through LA Court Connect online at: <https://www.lacourt.org/lacceligibility/ui/civil.aspx?casetype=cj>.

## **VI. ADDITIONAL INFORMATION**

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement Agreement, you should review the detailed Settlement Agreement and other papers, which are on file with the Court.

You may view the Settlement Agreement and other documents filed in the Action by for a fee by making an appointment in advance and visiting the civil clerk's office during business hours, located at the Stanley Mosk Courthouse, 111 North Hill Street, Los Angeles, California 90012, or online by visiting the following website: <https://www.lacourt.org/casesummary/ui/>

You may also visit the Settlement Administrator's website at [REDACTED] for more information and documents relating to the Settlement, or you may contact Plaintiff's attorneys and counsel for the Class (whose information is also below):

### **Settlement Administrator:**

[Settlement Administrator]

[Mailing Address]

[Telephone]

[Email address]

### **Class Counsel:**

Jonathan M. Genish  
Karen I. Gold  
Sara Pezeshkpour  
Ashley H. Cruz  
Marissa A. Mayhood  
**Blackstone Law, APC**  
8383 Wilshire Boulevard, Suite 745  
Beverly Hills, California 90211  
Tel: (310) 622-4278 / Fax: (855) 786-6356

**PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT.**

**IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: [INSERT], OR YOU MAY ALSO CONTACT CLASS COUNSEL.**