CALIFORNIA PRIVATE ATTORNEYS' GENERAL ACT SETTLEMENT & RELEASE AGREEMENT

This California Private Attorneys' General Act Settlement & Release Agreement (the "PAGA Settlement Agreement") is entered into by Margarita Sotelo ("Sotelo" or "Plaintiff") and La Reina Markets, LLC ("La Reina" or "Defendant") (Plaintiff and Defendant shall be collectively referred to herein as the "Parties"), and is made with knowledge of the facts as set forth in Paragraphs 1 through 9 below:

RECITALS

A. On October 14, 2023, Plaintiff, through Plaintiff's counsel, sent a notice to the California Labor Workforce Development Agency ("LWDA") and to Defendant alleging that Defendant engaged in violations of the California Labor Code and California Wage Orders ("**PAGA Notice**"). Pursuant to that PAGA Notice, and for purposes of the Action (as defined below) and this PAGA Settlement Agreement, the alleged "**Aggrieved Employees**" are defined by Plaintiff as follows:

> All individuals the Defendants have employed or otherwise contracted with in California as hourly, non-exempt employees, during the period beginning one year before the Plaintiff's notice of October 14, 2023 to the California Labor and Workforce Development Agency and ending on the date judgment is entered.[1]

B. On January 16, 2024, Plaintiff filed a Complaint in the California Superior Court for the County of Orange (the "Court") in the case styled *Margarita Sotelo, et al. v. La Reina Markets, LLC and DOES 1-25*, Case No. 30-2024-01373350-CU-OE-CXC (the "**Action**"). Plaintiff brought the Action on a representative basis pursuant to the California Private Attorneys' General Act ("PAGA"), seeking civil penalties based on the following alleged violations of the California Labor Codes: 201, 202, 203, 204, 226, 226.7, 233, 246, 246.5, 510, 512, 558, 1174, 1194, 1197, 1198 and 2802.

C. On March 11, 2024, Defendant filed an Answer to the Complaint denying all material allegations and raising certain affirmative defenses.

D. Thereafter, Plaintiff informed Defendant of her individual claims for alleged violations of the Fair Employment and Housing Act ("FEHA"), including disability discrimination, failure to accommodate, failure to engage in the interactive process, failure to prevent disability discrimination and wrongful termination in violation of Public Policy (the "FEHA Claims").

E. The Parties agreed to mediate the Action and Plaintiff's FEHA Claims. On August, 29, 2024, the Parties attended mediation with Mediator Steve Cerveris, Esq. At the end of mediation,

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[1] Plaintiff submitted her PAGA Notice on October 14, 2023, but did not file her PAGA complaint until January 16, 2024, more than 29 days after the 65-day notice period. Thus, the applicable PAGA liability period is from November 12, 2022 to the date the Court grants approval of the settlement.

Mediator Steve Cerveris made a mediator's proposal for a global settlement. The Parties accepted the proposal and agreed to settle the Action and Plaintiff's FEHA Claims.

F. The Parties agree that this PAGA Settlement Agreement sets forth the terms and conditions of the resolution of Plaintiff's and the Aggrieved Employees' PAGA Claims, the resolution of which shall be referred to as the "**PAGA Settlement Agreement**."

G. The Parties agree to utilize Simpluris Inc. as the Third-Party Settlement Administrator ("Settlement Administrator") to administer the portion of the settlement proceeds payable to alleged Aggrieved Employees.

For purpose of this PAGA Settlement Agreement, "**Released Claims**" or "**PAGA Claims**" means and refers to Plaintiff's and Aggrieved Employees' claims for PAGA civil penalties based on the allegations in the Complaint filed in the Action, and in the PAGA Notice.

All of Plaintiff's FEHA Claims, other than Plaintiff's PAGA Claims, are expressly excluded from this PAGA Settlement Agreement and, instead, are subject to the Parties' separate and concurrently executed confidential settlement and general release agreement of Plaintiffs' individual claims (the "**Individual Settlement Agreement**").

H. Defendant has not made any representation to Plaintiff regarding the legal or tax consequences of any funds received pursuant to this PAGA Settlement Agreement.

I. The "**PAGA Period**" is defined to be the period from November 12, 2022 to the Approval Date, as defined in paragraph 1 below of this PAGA Settlement Agreement.

J. The Parties have conducted a thorough investigation in the facts of Plaintiff's PAGA Claims. This included conducting extensive informal discovery, and exchanging information and documents related to the Plaintiff's PAGA Claims. Based on the foregoing data, and on their own independent investigation and evaluation, Plaintiff's counsel are of the opinion that the settlement with Defendant for the consideration and on the terms set forth in this PAGA Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the State of California, Aggrieved Employees and Plaintiff, in light of all known facts and circumstances, including the risk of significant delay, uncertainty associated with litigation, various defenses asserted by Defendants, and numerous potential appellate issues. Defendant and Defendant's counsel also agree that the PAGA Settlement Agreement is fair and in the best interest of the State of California, Aggrieved Employees and Plaintiff.

K. The Parties hereto desire to resolve Plaintiff's and the Aggrieved Employees' PAGA Claims, without the further expenditure of time or expense of litigation and, for that reason, have entered into this PAGA Settlement Agreement. This PAGA Settlement Agreement is a full release and settlement of all of Plaintiff's and of all Aggrieved Employees' PAGA Claims as asserted by Plaintiff in the Complaint, or which could have been asserted by Plaintiff, as defined in this PAGA Settlement Agreement.

L. This PAGA Settlement Agreement does not constitute an admission by Defendant of any violation of federal, state, or local law, ordinance or regulation or of any violation of Defendant's policies, procedures, or of any liability or wrongdoing whatsoever. Consistent therewith, Defendant has denied, and continues to deny, any allegation made by Plaintiff, including the allegations that Plaintiff and Aggrieved Employees were not provided with compliant meal periods and rest breaks, were not paid for all hours worked and consistently worked "off-the-clock", and Defendant has further denied, and continues to deny, that Plaintiff and the Aggrieved Employees have been damaged in any way or are entitled to any remedy in any form, whether legal or equitable. Neither this PAGA Settlement Agreement nor anything in this PAGA Settlement Agreement shall be construed to be or shall be admissible in any proceeding as evidence of liability or wrongdoing by Defendant.

AGREED-UPON TERMS AND CONDITIONS OF PAGA SETTLEMENT

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND COVENANTS SET FORTH BELOW, THE PARTIES TO THIS PAGA SETTLEMENT AGREEMENT AGREE AS FOLLOWS:

1. The Parties will cooperate in obtaining an order from the Court approving the PAGA Settlement Agreement (the "Approval Order") on substantially the terms provided herein or as may be modified by subsequent agreement of the Parties and entry of judgment. The date that the Court issues its Approval Order shall be referred to as the "Approval Date." The Parties agree to use their best efforts to expedite the preparation and submission of documents to the Court and LWDA within ninety days of the Parties' execution of this PAGA Settlement Agreement. The Parties further agree to fully cooperate in the drafting and/or filing of any further documents or filings reasonably necessary to be prepared or filed with the Court, and shall take all steps that may be requested by the Court relating to or that are otherwise necessary to the approval and implementation of this PAGA Settlement Agreement.

2. Because the PAGA Settlement Agreement requires approval by the Court, the Parties enter into this PAGA Settlement Agreement on a conditional basis. This PAGA Settlement Agreement is expressly contingent upon the Court's approval of the PAGA Settlement Agreement pursuant to the terms and conditions set forth in this PAGA Settlement Agreement.

If this PAGA Settlement Agreement is not approved by Approval Order of the Court without making a fundamental change of the Parties' settlement, then this shall render the entire PAGA Settlement Agreement void and unenforceable as to all Parties unless otherwise approved and ratified by the Parties. The Parties will attempt in good faith to cure any perceived defects in the PAGA Settlement Agreement to facilitate approval.

3. Terms of Settlement

Subject to submission of this PAGA Settlement Agreement to the Labor and Workforce Development Agency by Plaintiff and subject to the Court's approval of the PAGA Settlement Agreement pursuant to Labor Code § 2699(1)(2), which counsel and the Parties agree to recommend in good faith to the Court, the Parties agree to the following binding settlement and disposal of the entire Action.

Upon the Court entering the Approval Order approving this PAGA Settlement Agreement ("Effective Date"), Defendant shall pay a non-reversionary PAGA Settlement Amount of One Hundred and Thirty Thousand Dollars ($130,000.00) (the "PAGA Settlement Amount") as set forth below. The PAGA Settlement Amount is the maximum amount that will be paid inclusive of all settlement payments to the State of California, all Aggrieved Employees, Plaintiff, Plaintiff's counsel's attorneys' fees and litigation costs and settlement administration fees and costs, and will be distributed in the following manner:

(a) **Attorneys' Fees and Costs:** The Parties agree that, subject to the Court's review and approval, Plaintiff' counsel will be paid one-third ($43,333.33) of the PAGA Settlement Amount as Plaintiff's Counsel's PAGA-claim-related attorneys' fees, and up to $11,500.00 for Plaintiff's Counsel's PAGA-claim-related litigation costs from the PAGA Settlement Amount. The Settlement Administrator will pay Plaintiff's Counsel's Attorneys' Fees and Costs using IRS 1099 Form. Plaintiff's Counsel assumes full responsibility and liability for taxes owed on the Attorneys' Fees and Costs payment and holds Defendant harmless and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments. To the extent the Court approves Attorneys' Fees and Costs less than the amount requested, the Settlement Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Plaintiff's counsel or any other Plaintiff's counsel arising from any claim to any portion of any Attorneys' Fees and Costs payment.

(b) **Settlement Administrator Fees/Costs:** The Parties agree to allocate up to $3,000.00 towards administering payment of the portion of this settlement to be paid to Allegedly Aggrieved Employees. To the extent the Settlement Administrator Fees and Costs are less or the Court approves payment less than $3,000.00, the Settlement Administrator will retain the remainder in the Net Settlement Amount.

(c) **Allocation of Net Settlement Amount:** After deducting the amounts specified in items (a) and (b) from the PAGA Settlement Amount, the balance remaining ($72,166.67) will form the Net Settlement Amount and will be distributed as follows: (1) 75 percent ($54,125.00) to the Labor and Workforce Development Agency ("LWDA Share") and (2) 25 percent ($18,041.67) distributed to all Aggrieved Employees pursuant to the formula delineated Paragraph 3(d) below ("AAE Share").

(d) **AAE Share Distribution Formula:** The actual amount paid to Aggrieved Employees will be calculated through a two-step process. First, the AAE Share will be divided by the total number of pay periods worked by all alleged Aggrieved Employees during the PAGA Period and then multiplying the result by the number of pay periods worked by the individual Aggrieved Employee during the PAGA Period, as determined by the Settlement Administrator. The resulting number is the "Individual PAGA Payment" for each Aggrieved Employee. The Individual PAGA Payment, shall be paid to the Aggrieved Employees in the form of a payment check ("Individual Settlement Check"). The Settlement Administrator will disburse the entire AAE Share without asking or requiring Aggrieved Employees to submit any claim as a condition of payment.

(e) **Taxes and Reporting**: The AAE Share shall be treated as civil penalties (i.e., non-wage income) for all purposes and reported by the Settlement Administrator on IRS Form 1099 to Aggrieved Employees and applicable governmental authorities. No portion of the AAE Share is or shall be construed as wages. Nothing in this PAGA Settlement Agreement is intended to constitute legal advice regarding federal, state and/or local tax obligations or legal requirements for attribution of settlement proceeds. To the extent that this PAGA Settlement Agreement or any of its attachments is interpreted to contain or constitute advice regarding any U.S. or Federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code. Defendant, Defendant's counsel, Plaintiff's counsel are not responsible for any employee tax obligations arising out of the AAE Share.

(f) **Aggrieved Employee Pay Periods and Escalator Clause:** Based on a review of its records, Defendant estimates there are 153 Aggrieved Employees who worked an approximate total of 9,370 pay periods from November 12, 2022 to the date of mediation (August 29, 2024). If the actual number of total pay periods exceeds 9,370 by more than 10% (i.e. more than 10,307 pay periods), either: (a) the PAGA Settlement Amount will be increased by the same percent point above 11% (i.e. if the actual total pay periods are 11% higher, the PAGA Settlement Amount will increase by 1%) or (b) at Defendant's option, the releases and PAGA Period will end as of the date the total number of pay periods equals 10,307.

(g) **Aggrieved Employee Data:** Within 7 business days after the Effective Date, Defendant will deliver Aggrieved Employee identifying information in Defendant's possession, including the Aggrieved Employee's name, last known mailing address, social security number and the number of pay periods worked during the PAGA Period ("Aggrieved Employee Data"), in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Settlement Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Settlement Administrator's employees who need access to the Aggrieved Employee Data to effect and perform under this Settlement. Defendant has a continuing duty to immediately notify Plaintiff's counsel if it discovers that the Aggrieved Employee Data omitted an employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. The Parties will expeditiously use best efforts, in good-faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

(h) **Funding of PAGA Settlement**: Defendant shall fully fund the PAGA Settlement by transmitting the funds to the Settlement Administrator no later than 30 days after the Effective Date.

(i) **<u>Payments from the PAGA Settlement</u>**: Within 14 days after Defendant funds the PAGA Settlement, the Settlement Administrator will mail checks for all Individual PAGA Payments, the LWDA Share payment, the Settlement Administrator Fees and Costs payment, the Attorneys' Fees and Costs payment to Plaintiff's counsel.

i. The Settlement Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid, along with an explanatory letter in a form substantially similar to that attached as **Exhibit A**. Checks will remain negotiable for 180 days. The face of each check shall prominently state the date (180 days after the date of mailing) when the check will be voided. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

ii. The Settlement Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Settlement Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through all reasonably available sources, methods and means including, but not limited to, the National Change of Address Database, skip traces and direct contact by the Settlement Administrator with Aggrieved Employees. The Settlement Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Settlement Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, request by the Aggrieved Employee prior to the void date.

iii. Any un-cashed checks which remain outstanding 180 days after the mailing of the Settlement checks by the Settlement Administrator will be tendered to the State Controller's Unclaimed Property Fund.

iv. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees beyond those specified in this Agreement.

The Parties agree that the PAGA Settlement Agreement is fair and reasonable and will so represent to the Court.

4. Release as to the PAGA Representative Claims

Upon the Court's entry of the Approval Order, and except as to such rights or claims as may be created by this PAGA Settlement Agreement, Plaintiff, as representative for the State of California, hereby forever completely releases and discharges Defendant, as well as its directors, officers, shareholders, partners, members, assignees, successors, business managers, marital community, agents, contractors, insurers, attorneys, and employees, past and present, and each of them ("**Released Parties**") of any and all of the Released Claims. The time period governing these Released Claims shall be the PAGA Period.

In accordance with *Arias v. Superior Court*, 46 Cal. 4th 969, 985 (2009), a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys General Act of 2004…is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding," which the Approval Order shall so reflect. However, notwithstanding anything to contrary contained herein, in accordance with *Arias*, *supra*, the Approval Order shall be binding on the Aggrieved Employees as to the PAGA Claims, such that Plaintiff and Aggrieved Employees shall be forever barred and enjoined from instituting or prosecuting, either directly or indirectly, individually, collectively, and/or representatively, any PAGA Claim released by this Agreement against any Released Parties.

Plaintiff hereby expressly waives any rights and benefits conferred by Section 1542 of the California Civil Code as to the PAGA Claims. Section 1542 of the California Civil Code states:

> 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.

Plaintiff acknowledge that she may hereafter discover claims or facts in addition to or different from those which she now knows or believes to exist with respect to the subject matter of this PAGA Settlement Agreement and which, if known or suspected at the time of executing this PAGA Settlement Agreement, may have materially affected this PAGA Settlement Agreement. Nevertheless, Plaintiff hereby waives any right, claim or cause of action that might arise as a result of such different or additional claims or facts relating to her PAGA Claims. Plaintiff acknowledges that she understands the significance and consequence of such release and such specific waiver of Section 1542.

5. PAGA Settlement Agreement Approval and Implementation Procedures

Plaintiff's counsel shall prepare a motion for approval of the settlement pursuant to California Labor Code § 2699(1)(2), advocating that the PAGA Settlement Agreement is fair, adequate, and reasonable, and Defendant and Defendant's counsel shall not oppose such a motion. Defendant's counsel will allow Plaintiff's counsel to submit to the Court, adequate information related to the Aggrieved Employees and Released Claims to obtain approval of the PAGA Settlement Agreement, provided delivering such information does not potentially violate any such Aggrieved Employees' right to privacy.

Upon the Court's entry of the Approval Order, Plaintiff will: (i) be bound by the terms and conditions of this PAGA Settlement Agreement, and the releases set forth herein; (ii) be deemed to have waived all objections and oppositions to the fairness, reasonableness, and adequacy of the settlement and the Court's Approval Order; and (iii) be entitled to receive The Aggrieved Employee Settlement Proceeds as set forth herein.

6. Mutual Full Cooperation

The Parties agree to fully cooperate with each other to accomplish the terms of this PAGA Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this PAGA Settlement Agreement. The Parties to this PAGA Settlement Agreement shall use their best efforts, including all efforts contemplated by this PAGA Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this PAGA Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this PAGA Settlement Agreement, Plaintiff's counsel shall, with the assistance and cooperation of Defendant and Defendant's counsel, take all necessary steps to secure the Court's approval of the PAGA Settlement Agreement, and the Approval Order.

7. Binding Settlement

Nothing contained herein, nor the consummation of this PAGA Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this PAGA Settlement Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This PAGA Settlement Agreement is a settlement document and shall, pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible in evidence in any proceeding, except an action or proceeding to approve this PAGA Settlement Agreement, and/or interpret or enforce this PAGA Settlement Agreement.

8. Enforcement Actions

Except as otherwise provided in this PAGA Settlement Agreement, in the event that one or more of the Parties to this PAGA Settlement Agreement institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this PAGA Settlement Agreement or to declare rights and/or obligations under this PAGA Settlement Agreement, the successful Party or Parties shall be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs incurred in connection with any enforcement actions.

9. Notices

Except as otherwise set forth in this PAGA Settlement Agreement, any notice to be given under this PAGA Settlement Agreement to Plaintiff shall be sent to: Maralle Messrelian, MM Law, A Professional Corporation located at 500 N. Brand Blvd, Suite 2000, Glendale, CA 91203.

Any notice to be given under this PAGA Settlement Agreement to Defendant shall be sent to: Guillermo M. Tello and Anthony Flores, Clark Hill LLP, 555 South Flower Street, 24th Floor, Los Angeles, CA 90071.

10. Construction

The Parties hereto agree that the terms and conditions of this PAGA Settlement Agreement are the result of lengthy, intensive arms' length negotiations among the Parties and that this PAGA Settlement Agreement constitutes the entire agreement among Plaintiff and Defendant regarding actual or potential PAGA claims asserted by Plaintiff against Released Parties, except for the Individual Settlement Agreements executed by Plaintiff, which shall be construed to have been executed and effective concurrently herewith. This PAGA Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his or its counsel participated in the drafting of this PAGA Settlement Agreement. With the exception of the Individual Settlement Agreement, this PAGA Settlement Agreement supersedes all prior agreements, written or oral, between or among the Parties regarding those claims or potential claims and the resolution of those claims, no other agreement, statement, or promise made by one Party to another as to any matter addressed in this PAGA Settlement Agreement shall be binding or valid.

11. Modification

This PAGA Settlement Agreement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This PAGA Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.

12. Choice of Law

This Settlement Agreement shall be governed by and construed, enforced and administered in accordance with the laws of the State of California, without regard to its conflicts-of-law rules.

13. Integration Clause

With the exception of the Individual Settlement Agreement, this PAGA Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, 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 herein. No rights hereunder may be waived except in writing. This PAGA Settlement Agreement shall supersede all prior executed versions of this PAGA Settlement Agreement.

14. Counterparts

This PAGA Settlement Agreement may be executed in counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one fully-signed PAGA Settlement Agreement, which shall be binding upon and effective as to all Parties. Electronic delivery shall be deemed an original.

15. Jurisdiction

The Parties agree that upon approval of this Settlement Agreement submitted to the Court, this PAGA Settlement Agreement shall be enforceable by the Court, and the Court shall retain exclusive and continuing jurisdiction of this action over all Parties and Aggrieved Employees to interpret and enforce the terms, conditions, and obligations set forth in this PAGA Settlement Agreement, to the furthest extent allowed by law, including pursuant to California Code of Civil Procedure § 664.6. The Parties agree that if any provision of this PAGA Settlement Agreement is determined to be invalid, the invalid portion shall be deemed severed and the remaining PAGA Settlement Agreement deemed enforceable.

16. Acknowledgments

The undersigned acknowledge that they have read this PAGA Settlement Agreement, that they have had opportunity to consult with an attorney, that they have had a reasonable amount of time to consider this PAGA Settlement Agreement, that they fully understand and appreciate its meaning, and that it includes a full and final release and settlement of Plaintiff's and the Aggrieved Employees' PAGA Claims, and Plaintiff voluntarily signs it in her individual and representative capacities.

THE UNDERSIGNED HAVE CAREFULLY READ THE AGREEMENT, HAVE CONSULTED WITH COUNSEL CONCERNING THE AGREEMENT, AND KNOW AND UNDERSTAND ITS CONTENTS.

Dated: 09/20/2024

Margarita Sotelo (Sep 20, 2024 17:02 PDT)
Margarita Sotelo (Plaintiff)

Dated: Sep 25, 2024

Daniel Rubalcava Jr.
box SIGN 4Q2525XX-19Y6V6YY
La Reina Markets, LLC (Defendant)

APPROVED AS TO FORM:

Dated: January 5, 2026

Maralle Messrelian
Maralle Messrelian, Esq.
MM Law, APC
Attorneys for Plaintiff

Dated: January 5, 2026

Guillermo Tello
Clark Hill LLP
Attorneys for Defendant

EXHIBIT A

NOTICE OF PAGA SETTLEMENT AND RELEASE OF CLAIMS

Margarita Sotelo, et al. v. La Reina Markets, LLC
Orange County Superior Court, Case No. 30-2024-01373350-CU-OE-CXC

<<Simpluris, Inc.>>
[ ]
[ ]
Telephone: [ ]

«Barcode» «BarcodeString»
SIMID «SIMID»
«FirstName»
«LastName»
«Address1» «Address2»
«City» «State» «Zip»

I. NOTICE OF PAGA SETTLEMENT

You are receiving this notice because the Orange County Superior Court (the "Court") has approved a settlement in the above-identified action filed by Margarita Sotelo ("Plaintiff") on behalf of herself, the State of California, and all other aggrieved employees against Defendant La Reina Markets, LLC ("Defendant"), pursuant to the Private Attorneys' General Act of 2004, Labor Code § 2698 et seq. ("PAGA") ("the Action").

The Action seeks civil penalties for purported violations of the California Labor Code on behalf of all non-exempt California employees who worked for Defendant during the PAGA Period of November 12, 2022 to ____________ (the "Aggrieved Employees").

Defendant denies all claims and allegations in the Action, denies that it owes any penalties, and asserts that it has fully complied with all applicable Labor Code provisions. Further, by settling the Action, Defendant is not admitting to any liability or wrongdoing of any kind associated with the claims alleged in the Action. Nevertheless, to avoid further costs and time in defending the Action, Defendant has settled the case and the Court has approved the settlement and release of PAGA Claims.

The Court has not decided the merits of Plaintiff's claims. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of Plaintiff's claims. Rather, this Notice comes after the Parties have settled this matter.

II. INDIVIDUAL PAGA PAYMENT

Under PAGA, aggrieved employees are entitled to share 25% of the civil penalties the Plaintiff recovered in this Settlement on behalf of the State.

According to Defendant's records, you are an Aggrieved Employee and therefore entitled to a share of the settlement based upon the Court approved allocation. Enclosed with this Notice is your check for your share. Your individual payment amount is based on the following: (1) the number of pay periods you worked for payment amount is <<XX.XX>>.

The settlement check shall remain valid for 180 days. Thereafter, all uncashed checks shall be distributed to California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each Aggrieved Employee.

Please Note: One hundred percent (100%) of your individual PAGA payment under this Settlement will be considered penalties and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences of your individual PAGA payment. Neither Plaintiff nor Defendant have made any representations or warranties regarding the taxation of your individual PAGA payment. Nothing within this notice or any other communication shall constitute or be construed or relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended). Enclosed are the appropriate tax forms pertaining to your payment.

III. RELEASE

By Order dated <<court approval order date>>, the Superior Court of the State of California, Orange County approved the Settlement and release of the Released PAGA Claims.

By operation of the Settlement's terms, Plaintiff, the State of California (including, but not limited to, the LWDA), and the Aggrieved Employees hereby fully, finally, and forever release, settle, compromise, relinquish, and discharge all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts and PAGA Period stated in the Operative Complaint and the PAGA Notice, including but not limited to: California Labor Code Sections 201, 202, 203, 204, 226, 226.7, 233, 246, 246.5, 510, 512, 558, 1174, 1194, 1197, 1198 and 2802. ("Released PAGA Claims")

As of the above Order date, all Aggrieved Employees covered by this Settlement (including you) are barred from proceeding with any of the Released PAGA Claims with respect to Defendant as well as its directors, officers, shareholders, partners, members, assignees, successors, business managers, marital community, agents, contractors, insurers, attorneys, and employees, past and present.

No claims for any unpaid or underpaid wages have been settled by this settlement, and this settlement is without prejudice to any pursuit of such claim.

IV. SETTLEMENT ADMINISTRATOR

PLEASE DO NOT CALL OR WRITE THE COURT OR OFFICE OF THE CLERK TO ASK QUESTIONS ABOUT THE SETTLEMENT..

If you have any questions, you may call or write to Simpluris, Inc. (the Settlement Administrator) using the contact information at the top of this correspondence.

AMENDMENT TO CALIFORNIA PRIVATE ATTORNEYS' GENERAL ACT SETTLEMENT & RELEASE AGREEMENT

Margarita Sotelo, et al. v. La Reina Markets, LLC
Orange County Superior Court, Case No. 30-2024-01373350-CU-OE-CXC

I. INTRODUCTION

On or about September 25, 2024, the Parties entered into a California Private Attorneys' General Act Settlement & Release Agreement ("PAGA Settlement Agreement"). By this Amendment, the Parties agree that consistent with the below sections, the referenced sections of the PAGA Settlement Agreement shall be struck and replaced with the alternative language set forth in this Amendment, in accordance with the Court's order of August 14, 2025.

II. AMENDMENTS

A. Paragraph 3: Strike the language of "Plaintiff' counsel will be paid one-third ($43,333.33) of the PAGA Settlement Amount as Plaintiff's Counsel's PAGA-claim-related attorneys' fees" and replace with the language of:

"Plaintiff's counsel will be paid 30% ($39,000.00) of the PAGA Settlement Amount as Plaintiff's Counsel's PAGA-claim-related attorneys' fees"

B. Paragraph 4: Strike the entire first paragraph and replace with the language of:

"As of the date Defendant fully funds the entire Gross Settlement Amount, and except as to such rights or claims as may be created by this PAGA Settlement Agreement, Plaintiff, as representative for the State of California (including, but not limited to, the LWDA), and the Aggrieved Empoyees, hereby forever completely releases and discharges Defendant, as well as its directors, officers, shareholders, partners, members, assignees, successors, and employees, past and present, and each of them ("Released Parties") of any and all of the Released Claims. The time period governing these Released Claims shall be the PAGA Period."

Except for the first paragraph, paragraph 4 of the PAGA Settlement Agreement will remain without change.

C. Paragraph 8: Add the following sentence at the end of the paragraph:

"The prevailing party attorneys' fees and costs provision in this paragraph does not apply to unnamed aggrieved employees."

D. The Notice of PAGA Settlement and Release of Claims (including the Spanish translation version), attached as Exhibit A to this Amendment, is corrected as follows:

1. The notice letter provides an explanation of PAGA; (ii) describe the factual allegations of the operative complaint; (iii) states the gross settlement amount, net settlement amount, and the portions allocated to the LWDA and the aggrieved employees; and (iv) notifies the Aggrieved Employees that they cannot opt out of the settlement and that, even if they do not cash their checks, they will be bound by the release.

2. The description of the release in section III of the notice letter has been revised to be consistent with this Amendment to the PAGA Settlement Agreement.

3. The second period (.) at the end of the first sentence of section IV of the notice is removed.

III. EXECUTION BY PARTIES

The Parties hereby execute the Amendment to the PAGA Settlement Agreement.

01/05/2026	Margarita Sotelo (Jan 5, 2026 13:52:42 PST)
DATE	Margarita Sotelo, Plaintiff
DATE	La Reina Markets, LLC BY ___________________

APPROVED AS TO FORM

	MM LAW APC
01/05/2026	
DATE	Maralle Messrelian for Plaintiff Margarita Sotelo
	CLARK HILL LLP
DATE	Guillermo Tello for Defendant

D. The Notice of PAGA Settlement and Release of Claims (including the Spanish translation version), attached as Exhibit A to this Amendment, is corrected as follows:

1. The notice letter provides an explanation of PAGA; (ii) describe the factual allegations of the operative complaint; (iii) states the gross settlement amount, net settlement amount, and the portions allocated to the LWDA and the aggrieved employees; and (iv) notifies the Aggrieved Employees that they cannot opt out of the settlement and that, even if they do not cash their checks, they will be bound by the release.

2. The description of the release in section III of the notice letter has been revised to be consistent with this Amendment to the PAGA Settlement Agreement.

3. The second period (.) at the end of the first sentence of section IV of the notice is removed.

III. EXECUTION BY PARTIES

The Parties hereby execute the Amendment to the PAGA Settlement Agreement.

DATE	Margarita Sotelo, Plaintiff
1/7/2026	
DATE	La Reina Markets, LLC BY Daniel Rubalcava Jr. VP/Partner

APPROVED AS TO FORM

	MM LAW APC
DATE	Maralle Messrelian for Plaintiff Margarita Sotelo
	CLARK HILL LLP
January 5, 2026	
DATE	Guillermo Tello for Defendant

EXHIBIT A

NOTICE OF PAGA SETTLEMENT AND RELEASE OF CLAIMS

Margarita Sotelo, et al. v. La Reina Markets, LLC
Orange County Superior Court, Case No. 30-2024-01373350-CU-OE-CXC

<<Simpluris, Inc.>>
[ ]
[ ]
Telephone: [ ]

«Barcode» «BarcodeString»
SIMID «SIMID»
«FirstName»
«LastName»
«Address1» «Address2»
«City» «State» «Zip»

I. <u>NOTICE OF PAGA SETTLEMENT</u>

You are receiving this notice because the Orange County Superior Court (the "Court") has approved a settlement in the above-identified action filed by Margarita Sotelo ("Plaintiff") on behalf of herself, the State of California, and all other aggrieved employees against Defendant La Reina Markets, LLC ("Defendant"), pursuant to the Private Attorneys' General Act of 2004, Labor Code § 2698 et seq. ("PAGA") ("the Action").

A PAGA action is a lawsuit brought on behalf of the State of California for alleged Labor Code violations at work. It seeks penalties from the employer. If money is recovered, it is shared between the State and the affected employees. You are automatically included in the PAGA part of the case and cannot opt out. The PAGA action does not resolve any separate individual claims you may have.

The Action seeks civil penalties for purported violations of the California Labor Code on behalf of all non-exempt California employees who worked for Defendant during the PAGA Period of November 12, 2022 to ____________ (the "Aggrieved Employees"). In the Action, Plaintiff asserted claims that Defendant violated California state labor laws as a result of its alleged failure to, among other things: (1) pay minimum and overtime wages to employees for all hours worked; (2) provide employees with meal and rest breaks; (3) timely pay all wages owed to employees during each pay period and upon termination of their employment; (4) reimburse employes for necessary business expenses; and (5) provide employees with accurate, itemized wage statements, giving rise to claims for civil penalties under the PAGA.

Defendant has agreed to pay **$130,000** under the Settlement. This sum will be used for the payment of (a) **$58,512.88** to the California Labor and Workforce Development Agency as its 75% share of the PAGA Penalties; (b) **$19,504.29** to all Aggrieved Employees to be distributed *pro rata* as their 25% share of the PAGA Penalties; (c) **$39,000** to PAGA Counsel for Attorney's Fees; (d) **$10,232.83** to PAGA Counsel for actual litigation costs; and (e) **$2,750.00** to the Administrator for administration costs.

Defendant denies all claims and allegations in the Action, denies that it owes any penalties, and asserts that it has fully complied with all applicable Labor Code provisions. Further, by settling the Action, Defendant is not admitting to any liability or wrongdoing of any kind associated with the claims alleged in the Action. Nevertheless, to avoid further costs and time in defending the Action, Defendant has settled the case and the Court has approved the settlement and release of PAGA Claims.

The Court has not decided the merits of Plaintiff's claims. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of Plaintiff's claims. Rather, this Notice comes after the Parties have settled this matter.

II. INDIVIDUAL PAGA PAYMENT

Under PAGA, aggrieved employees are entitled to share 25% of the civil penalties the Plaintiff recovered in this Settlement on behalf of the State.

According to Defendant's records, you are an Aggrieved Employee and therefore entitled to a share of the settlement based upon the Court approved allocation. Enclosed with this Notice is your check for your share. Your individual payment amount is based on the following: (1) the number of pay periods you worked for Defendant during the PAGA Period of November 12, 2022 to ________. Accordingly, your individual payment amount is <<XX.XX>>.

The settlement check shall remain valid for 180 days. Thereafter, all uncashed checks shall be distributed to California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each Aggrieved Employee.

Please Note: One hundred percent (100%) of your individual PAGA payment under this Settlement will be considered penalties and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences of your individual PAGA payment. Neither Plaintiff nor Defendant have made any representations or warranties regarding the taxation of your individual PAGA payment. Nothing within this notice or any other communication shall constitute or be construed or relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended). Enclosed are the appropriate tax forms pertaining to your payment.

III. RELEASE

By Order dated <<court approval order date>>, the Superior Court of the State of California, Orange County approved the Settlement and release of the Released PAGA Claims.

As of the date Defendant fully funds the entire Gross Settlement Amount, Plaintiff, as representative of the State of California (including, but not limited to, the LWDA), and the Aggrieved Employees, hereby forever completely releases and discharges Defendant, as well as its directors, officers, shareholders, partners, members, assignees, successors, and employees, past and present, and each of them ("Released Parties") of any and all of the Released Claims. The time period governing these Released Claims shall be the PAGA Period.

The Released Claims means and refers to Plaintiffs and Aggrieved Employees' claims for PAGA civil penalties based on the allegations in the Complaint filed in the Action, and in the PAGA Notice.

You cannot opt out of the Settlement. Even if you do not cash your check, you will be bound by the release.

IV. SETTLEMENT ADMINISTRATOR

PLEASE DO NOT CALL OR WRITE THE COURT OR OFFICE OF THE CLERK TO ASK QUESTIONS ABOUT THE SETTLEMENT.

If you have any questions, or would like a copy of the settlement agreement approved by the Court or the signed Order and Judgment, you may call or write to Simpluris, Inc. (the Settlement Administrator) using the contact information at the top of this correspondence.