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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

DANIEL CISNEROS, individually, and on
behalf of other members of the general public
similarly situated and on behalf of other
aggrieved employees pursuant to the
California Private Attorneys General Act;

Plaintiff,

vs.

HCI SYSTEMS, INC., a California
corporation; and DOES 1 through 100,
inclusive,

Defendants.

Case No.: CIVSB2408988

Honorable Stephanie Tañada
Department S33

**DECLARATION OF CHARLES T.
SWEENY IN SUPPORT OF PLAINTIFF'S
MOTION FOR APPROVAL OF PRIVATE
ATTORNEYS GENERAL ACT
SETTLEMENT AGREEMENT AND
RELEASE, AWARD OF ATTORNEYS'
FEES AND COSTS, GENERAL RELEASE
FEE, AND SETTLEMENT
ADMINISTRATION COSTS**

Hearing Date: April 9, 2026
Hearing Time: 8:30 a.m.
Department: S33

Complaint Filed: March 18, 2024
Trial Date: None Set

**DECLARATION OF CHARLES T. SWEENY IN SUPPORT OF PLAINTIFF'S MOTION FOR
APPROVAL OF PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AGREEMENT AND
RELEASE, AWARD OF ATTORNEYS' FEES AND COSTS, GENERAL RELEASE FEE, AND
SETTLEMENT ADMINISTRATION COSTS**

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1 1404 (CKK), an antitrust case in which, as of today’s date, two of the four alleged conspirator
2 airlines have agreed to settle for a total of 60 million dollars.

3 4. From August 2020 to May 2024, I was a Lead Litigation Attorney for the Law
4 Firm Lawyers *for* Justice, PC. My practice at Lawyers *for* Justice, PC focused on complex and
5 contentious litigation in class actions and representative Private Attorneys General Act
6 (“PAGA”) cases involving violations of the California Labor Code. During a relatively short
7 time, I led a litigation team at Lawyers *for* Justice, PC that recovered tens of millions of dollars
8 on behalf of thousands of California employees.

9 5. As of today’s date, I have taken and defended dozens of depositions, have briefed
10 well over 100 motions, many of which required several rounds of briefing, and the vast majority
11 of which I argued. These motions include contested motions for class certification, motions to
12 compel discovery, motions to compel arbitration, demurrers, motions for summary judgment,
13 motions for summary adjudication, *ex parte* applications for various types of relief, motions to
14 remand, motions for reconsideration, petitions for coordination, and motions for consolidation,
15 among many others. I have also briefed several appeals, none of which I have lost, either
16 because the Courts of Appeal decided in my favor or because settlement was reached prior to a
17 decision. I have litigated close to 300 putative class and/or representative actions under the
18 California Private Attorneys General Act. This includes working to obtain class certification
19 through contested motion practice, as well as working with co-counsel preparing for trial and
20 handling appeals in a certified class action with a class of over 2,000 individuals.

21 6. I have been appointed class counsel by way of contested motion for class
22 certification. I have also been appointed class counsel by way of stipulation. Additionally, I
23 have led litigation efforts for at least 60 putative representative wage and hour cases that settled
24 on a class wide or statewide basis.

25 THE LAWSUIT

26 7. My office, Sweeny Law, PC, associated into this case on October 23, 2024 not
27 long after this Court issued an order granting Defendant’s Motion to Compel Arbitration (the
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1 “MTCA”) as to the first ten causes of action (i.e., the Stand-Alone Claims for labor code
2 violations brought individually and on behalf of the putative class) and denying the MTCA in
3 its entirety as to the eleventh cause of action under PAGA (the “Arbitration Order”). Upon my
4 office’s association, I advised Defendant’s counsel that Plaintiff intended to move to lift the stay
5 on the PAGA Claims and proceed with litigation and discovery notwithstanding any individual
6 arbitration of Plaintiff’s Stand-Alone Claims. After a series of settlement-protected negotiations,
7 the Parties agreed to pursue mediation to resolve both the individual and non-individual PAGA
8 Claims and Plaintiff’s individual Stand-Alone Claims before taking any further action to either
9 lift the stay or address individual arbitration.

10 8. In advance of the mediation, Defendant produced thousands of pages of
11 documents and extensive data to facilitate a full and robust settlement dialogue and detailed
12 analysis of Plaintiff’s individual claims as well as the non-individual PAGA claims and potential
13 penalties, both of which Defendant disputed and continues to dispute, as is explained in detail
14 below and in this motion.

15 9. On April 30, 2025, the Parties participated in a full-day mediation conducted by
16 the Honorable Patrick J. Walsh (Ret.), a former Chief United States Magistrate Judge and a
17 highly-regarded mediator with extensive experience mediating complex labor and employment
18 matters. The matter did not settle at mediation, however, the Parties continued to engage in
19 extensive post-mediation settlement discussion and, with the further assistance of the mediator,
20 the Parties tentatively agreed to the core terms of the settlement that is described herein via
21 mediator’s proposal.

22 10. In August 2025, the Parties prepared and executed a short Memorandum of
23 Understanding (“MOU”) that each side believed was consistent with the mediator’s proposal.
24 However, following execution of the MOU, the Parties spent several months in continued
25 negotiations over the detailed terms of the long-form settlement agreement. In fact, even *after*
26 the Parties believed they had reached a final deal towards the end of 2025, and even though the
27 Parties fully-executed a long-form agreement on January 6, 2026, upon further review of this
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1 Court's rulings on similar settlement approval motions in other cases and cross reference to this
2 Court's approval checklist, and with further guidance from this Court itself during status
3 conferences, the Parties continued to negotiate and subsequently amended the Settlement
4 Agreement. The final, revised Settlement, which the Parties took great lengths to ensure
5 complied with this Court's detailed checklist and with this Court's prior rulings, was fully
6 executed on March 6, 2026. Moreover, as contemplated by Paragraph 8(d) of the Settlement,
7 the Parties also entered into a separate agreement of \$5,000.00 to resolve Plaintiff's Stand-Alone
8 Claims alleged in the Action, since those were still at issue albeit compelled to arbitration on an
9 individual basis by the Arbitration Order.¹

10 THE SETTLEMENT REACHED IN THE ACTION

11 11. Marked and attached hereto as "**EXHIBIT 1**" is the Private Attorneys General
12 Act Settlement Agreement and Release ("Settlement," "Agreement," or "Settlement
13 Agreement"), entered into between Plaintiff, for himself and on behalf of the State of California
14 with respect to Aggrieved Employees pursuant to PAGA, and Defendant. The parties have also
15 drafted and agreed to the form and content of the proposed informational cover letter ("Cover
16 Letter") for mailing to Aggrieved Employees when Individual Settlement Shares are distributed
17 to them, in substantially the form attached as "**EXHIBIT A**" to the Settlement.² The Court is
18 respectfully requested to approve the proposed Cover Letter.

19 12. The Settlement pertains to the following allegedly aggrieved employees: all
20 current and former hourly-paid or non-exempt individuals employed by Defendant within the
21 State of California at any time during the PAGA Period ("Aggrieved Employees"). The "PAGA
22 Period" means the period between November 15, 2022 to June 27, 2025. The Settlement covers
23 approximately Nine Hundred Ten (910) Aggrieved Employees who, according to information
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25 ¹ Since no class claims remain pending because of the Arbitration Order, no consideration has been provided to
26 Plaintiff or to Plaintiff's Counsel, including any fees or costs, in order to, for example, dismiss class claims, which
were necessarily dismissed by the Arbitration Order.

27 ² During the January 2026 Status Conference that I attended (*See* Paragraph 29, *infra*), this Court advised that both
28 the Settlement Agreement *and* the Cover Letter should be included in any Proposed Order and Judgment. Thus, the
Settlement Agreement *and* the Cover Letter are both attached to the [Proposed] Order and Judgment Granting
Approval of Private Attorneys General Act Settlement Agreement and Release, Award of Attorneys' Fees and
Costs, General Release Fee, and Settlement Administration Costs, as **Exhibits 1** and **Exhibit A** thereto.

provided by Defendant, have worked Sixty-Six Thousand Seven Hundred Eighty-Eight (66,788) Compensable Pay Periods during the PAGA Period.³

13. Defendant has agreed to pay the gross amount of Five Hundred Thousand Dollars and Zero Cents (\$1,295,00.00) (“Gross Settlement Amount”), subject to possible increase⁴ under Section 3(a)(5) of the Settlement Agreement, to settle this matter. The Settlement Agreement provides that the “Net Settlement Amount” will be the Gross Settlement Amount less the following amounts: (1) Attorneys’ Fees and Costs in the amount of \$453,250.00 for attorneys’ fees and reimbursement of litigation costs and expenses of \$12,652.15 to Plaintiff’s Counsel; (2) General Release Fee in the amount of \$5,000.00 to Plaintiff; and (3) Settlement Administration Costs of up to \$7,084.00 to the PAGA Settlement Administrator. Assuming that the requested Attorneys’ Fees and Costs, General Release Fee, and Settlement Administration Costs, are approved by the Court, the Net Settlement Amount is estimated to be approximately \$817,013.85. The Net Settlement Amount will be distributed to the LWDA and the Aggrieved Employees pursuant to former California Labor Code section 2699(i). Seventy-five percent (75%) of the Net Settlement Amount will be distributed to the LWDA, which is estimated to be \$612,760.39 (“LWDA Payment”), and twenty-five percent (25%) of the Net Settlement Amount, which is estimated to be \$204,253.46 (“Employees’ Portion”), will be distributed to the Aggrieved Employees on a *pro rata* basis, based on the number of pay periods they each worked during the PAGA Period (“Compensable Pay Periods”). To calculate each Aggrieved Employee’s share of the Employees’ Portion (“Individual Settlement Share”), the PAGA Settlement Administrator will: (1) for each Aggrieved Employee, divide the number of Compensable Pay Periods he or she individually worked by the total aggregate number of Compensable Pay Periods worked by all Aggrieved Employees, and then (ii) multiply this amount by the Employees’ Portion to arrive at each Aggrieved Employee’s Individual

³ Notably, and as is explained in more detail below, throughout this litigation Defendant has taken the position that because it paid its non-exempt employees on a weekly basis, as opposed to biweekly or semimonthly, that this trial court, if it ever assessed any PAGA penalties, which Defendant strongly disputed, would only assess them on a *biweekly* basis, meaning that the Compensable Pay Period count would be one half of the actual pay period count.

⁴ It is very unlikely, however, that there will be any increase because Defendant has informed Plaintiff that if the escalator clause is triggered, Defendant intends to exercise its discretion to shorten the end date to avoid any increase in the Gross Settlement Amount.

1 Settlement Share. The payments to Aggrieved Employees for their Individual Settlement Share
2 are considered one hundred percent (100%) penalties to be reported on IRS Form 1099, if
3 required. The parties have agreed to retain Simpluris (“PAGA Settlement Administrator”) to
4 handle the administration of the Settlement, and the Court is respectfully requested to appoint
5 Simpluris to serve as the PAGA Settlement Administrator.

6 **THE LITIGATION AND WORK PERFORMED BY PLAINTIFF’S COUNSEL**

7 14. The effectiveness of Plaintiff’s Counsel in prosecuting this case has translated into
8 tangible monetary benefits for Plaintiff, Aggrieved Employees, and the State of California in
9 the following respects: (1) their recoveries over a reasonably short period of time as opposed to
10 waiting additional years for the same, or possibly, a worse, result; (2) a guaranteed result that
11 compares favorably with other similar representative action settlements; and (3) significant
12 savings in fees and costs which would have only increased significantly had the case progressed
13 through trial and/or appeals.

14 15. Prior to reaching the Settlement, the Parties investigated the veracity, strength,
15 and scope of the PAGA claim and allegations, and were preparing for trial. Plaintiff conducted
16 significant investigation and formal and informal discovery and exchange of information,
17 documents, and data regarding the facts of the case, including and not limited to, the review,
18 consideration, and analysis of thousands of pages of information, documents, and data obtained
19 from Plaintiff, Defendant, and other sources. The information, documents, and data that were
20 reviewed and analyzed by Plaintiff’s Counsel included, and were not limited to, the employment
21 records of Plaintiff, time and pay data of Aggrieved Employees, constituting a representative
22 sample across the PAGA Period, Defendant’s job descriptions, various forms, agreements, and
23 acknowledgments (such as Defendant’s Acknowledgment of Receipt of Employee Handbook
24 and Acknowledgment and Agreement to Arbitration and Disputes , and Defendant’s operations
25 and employment practices, policies, and procedures (such as, Prevailing Wage Projects Wage
26 Calculation and On-Call Policy), among other documents, among other documents.

27 16. Counsel for the parties undertook significant investigation and evaluation of the
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1 PAGA claim and related allegations, including, and not limited to, calculating the potential
2 monetary recovery under PAGA. Other work performed by Plaintiff's Counsel included, but
3 was not limited to: meeting and conferring with Defendant's counsel regarding the pleadings,
4 case management, pending discovery, arbitration, mediation, and settlement negotiations,
5 among other issues; case strategy and analysis; researching, drafting, reviewing, and revising
6 pleadings, court filings, motion-related papers (e.g., with respect to settlement approval motion
7 papers and opposing a motion to compel arbitration), briefs for settlement negotiations and
8 mediation, and the settlement agreement; preparing and propounding written discovery requests;
9 claims evaluation and analysis; preparing for and participating in settlement negotiations and
10 the mediation; and appearing for court proceedings. Counsel for the parties have further
11 invested time to research the applicable law, which is evolving as it relates to representative
12 PAGA actions, various off-the-clock theories, rounding of time and meal periods, meal and rest
13 periods, on-premises rest periods, on-call issues, regular rate of pay, arbitration
14 agreements/clauses, business expenses reimbursement, wage statement noncompliance, and
15 wage-and-hour enforcement, the evidence produced and analyzed, and the possibility of
16 bifurcation of discovery and/or trial and appeals, among other things, Plaintiff's claims, and
17 Defendant's defenses, as well as facts discovered.

18 17. Based on investigation and information discovered, Plaintiff's Counsel believe
19 that there is sufficient evidence to support the allegations that Defendant violated the California
20 Labor Code. While Plaintiff's Counsel believe that the PAGA claim has merit and that Plaintiff
21 will ultimately succeed in this litigation and prevail at trial, Plaintiff and Plaintiff's Counsel also
22 recognize Defendant's defenses, the costs of further litigation, and multiple risks to recovery.
23 For example, although wage-and-hour actions are amenable to resolution as to a group of
24 employees, some courts have also found that, for various reasons, the issues raised by Plaintiff,
25 including, and not limited to, the issues of off-the-clock work, non-compliant meal periods, non-
26 compliant rest periods, and unreimbursed business expenses, raise individualized issues and/or
27 are not suitable for adjudication as to a group of employees.

1 18. Plaintiff and his counsel have also considered the uncertainty and risk of the
2 outcome of further litigation, including the difficulties and delays inherent in such litigation. In
3 order to prevail on the PAGA claim, Plaintiff would have to prove that Defendant engaged in
4 the alleged California Labor Code violations and demonstrate that Defendant's conduct warrants
5 the imposition of penalties, along with the significant risk that penalties will be discretionary
6 reduced for the specific issues present in this case (namely, Defendant's weekly pay period
7 system). Plaintiff's core allegation is that Defendant has systemically violated the California
8 Labor Code, with respect to Plaintiff and the Aggrieved Employees, by, *inter alia*, failing to pay
9 minimum wages, overtime wages, and double time wages, failing to provide compliant meal
10 and rest periods and associated premiums, failing to timely pay wages during employment and
11 upon termination of employment, failing to provide complete and accurate wage statements,
12 failing to keep complete and accurate payroll records, and failing to reimburse necessary
13 business-related expenses and costs.

14 19. From the inception of this litigation, Defendant indicated that it would
15 aggressively litigate this case and contended that it would ultimately succeed in the action.
16 Defendant maintained several defenses to Plaintiff's allegations, which, if successfully argued
17 and proven, had the potential to eliminate or substantially reduce recovery. Throughout this
18 litigation, Defendant maintained, and continues to maintain, that it did not engage in a uniform
19 policy and systematic scheme of wage abuse against any of its employees, and that it had, and
20 continues to have, legally-compliant employment policies and practices throughout the time
21 period at issue. Defendant denies that it ever violated any provision of the California Labor
22 Code. Defendant further denied, and continues to deny, that the lawsuit is appropriate for
23 representative adjudication for any purpose other than the Settlement. Defendant also
24 challenged Plaintiff's standing as an aggrieved employee and denied that any of its other
25 employees whom Plaintiff seeks to represent are aggrieved, and thus argued Plaintiff is
26 prevented from recovering any civil penalties on behalf of Plaintiff and the Aggrieved
27 Employees.

20. Importantly, Defendant also contended that the claims of Plaintiff and other Aggrieved Employees are subject to enforceable agreements that included, *inter alia*, binding individual arbitration and class and collective action waiver provisions. Defendant contended that, taken together, these agreements would have claim preclusive impact, or otherwise, could effectively be used to require Aggrieved Employees to engage in individual arbitration of their individual claims on which the PAGA claim is predicated. There is uncertainty regarding PAGA claims due to decisions of the high courts and recent amendment of the PAGA statute. The decisions of the high court include, and are not limited to, the U.S. Supreme Court’s decision in *Viking River Cruises, Inc. v. Moriana*, (2022) 142 S. Ct. 1906, 2022 U.S. LEXIS 2940 and the California Supreme Court’s decision in *Adolph v. Uber Technologies* (2023) 14 Cal.5th 1104. The decision by the California Supreme Court in *Adolph v. Uber Technologies* confirmed that PAGA representative claims are viable and can continue to be prosecuted, however it also suggests, that trial courts will stay the representative/non-individual PAGA claims. The *Adolph v. Uber Technologies* also suggests that, if a plaintiff is determined to not be an “aggrieved employee” for PAGA purposes, issue preclusion could apply and, once reduced to a final judgment, trial courts are bound by the arbitrator’s determination and the plaintiff loses standing to pursue non-individual PAGA claims. Furthermore, the recent amendment of the PAGA statute enacted on July 1, 2024, adopting, *inter alia*, modified standing requirements, codifying a manageability requirement, capping civil penalties that can be assessed against an employer if an employer meets certain conditions, and allowing an employer to cure violations to avoid the assessment of civil penalties if an employer meets certain conditions, has created uncertainty regarding the future of claims for civil penalties under PAGA. As such, at the time that the Parties reached the settlement, and also now, there is uncertainty regarding the PAGA claim.

21. One highly contested point regarding cumulative penalties was based on Defendant’s position that because it paid its non-exempt employees on a weekly basis, as opposed to biweekly or semimonthly, that this trial court, if it ever assessed any PAGA penalties,

1 which Defendant strongly disputed in the first instance, would only award penalties on a
2 biweekly basis. In other words, although there are Sixty-Six Thousand Seven Hundred Eighty-
3 Eight (66,788) Compensable Pay Periods during the PAGA Period covered by this Settlement,
4 Defendant has consistently maintained that pay periods should be viewed as half of that number,
5 i.e., 33,394 Compensable Pay Periods for purposes of determining any available PAGA
6 penalties that could be assessed at trial.

7 22. Even if Defendant failed on its defenses, Plaintiff would inevitably face challenges
8 in court. Defendant challenged Plaintiff's standing as an Aggrieved Employee and denied that
9 any of Defendant's other employees whom Plaintiff seeks to represent are aggrieved. Aside
10 from challenges relating to standing, Defendant would have likely sought bifurcation of
11 discovery and/or trial of the PAGA claim — multiple courts have taken such an approach, for
12 example, limiting discovery or trial of the issues to Plaintiff. Defendant also contended that an
13 important feature of the PAGA statute is that a court has discretion to reduce the penalties to be
14 assessed against the employer pursuant to former California Labor Code sections 2699(e)(1)-
15 (2). As discussed above, Defendant denied and continues to deny that they ever violated any
16 provision of the California Labor Code. However, assuming, *arguendo*, that any violations
17 occurred, Defendant argued the violations would not be viewed as subsequent violations giving
18 rise to heightened penalties. Defendant also argued that the Court was unlikely to assess
19 cumulative penalties for the maximum number of possible, separate California Labor Code
20 violations, because it would be unjust, arbitrary, oppressive, and/or confiscatory—especially
21 where certain conduct may be regulated by multiple provisions of the California Labor Code
22 that are interrelated and work in tandem.

23 23. The parties had the opportunity to review extensive information, documents, and
24 data regarding Plaintiff's and Aggrieved Employees' employment with Defendant in an effort
25 to determine the potential value and strength of the PAGA claim. Counsel for the parties
26 invested time reviewing and analyzing the relevant information, documents, and data, and this
27 information made it possible to calculate the potential value of the PAGA claim. Accordingly,
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1 the parties have conducted sufficient investigation and review of data, documents, and
2 information to be sufficiently apprised of the nature and extent of the PAGA claim asserted in
3 this lawsuit, and to enable both sides to fully evaluate the Settlement for its fairness, adequacy,
4 and reasonableness. The parties have also considered the settlement negotiations and the
5 recommendations of the mediator, the Honorable Patrick J. Walsh (Ret.), a former Chief United
6 States Magistrate Judge and a highly-regarded mediator with extensive experience mediating
7 complex labor and employment matters. The parties have agreed that this case is well-suited
8 for settlement given the legal issues relating to the PAGA claim, as well as the costs, risks,
9 burdens of proof, and delays to both sides that would attend further litigation. The Settlement
10 takes into account the strengths and weaknesses of each side's position and the uncertainty of
11 how the case might have concluded as litigation continued, at trial, and/or upon appeal.

12 **ATTORNEYS' FEES REQUESTED BY PLAINTIFF'S COUNSEL**

13 24. As set forth more fully in the accompanying Motion, Plaintiff's Counsel seek
14 attorneys' fees in the amount of \$453,250.00, which represents approximately thirty-five percent
15 (35%) of the Gross Settlement Amount, as provided by the Settlement Agreement. The
16 attorneys' fees sought are commensurate with: (1) the risk that Plaintiff's Counsel took in
17 commencing the case; (2) the time, effort, and expense that Plaintiff's Counsel dedicated to the
18 case; (3) the skill and determination that Plaintiff's Counsel have shown; (4) the results that
19 Plaintiff's Counsel have achieved throughout the litigation; (5) value of the settlement that
20 Plaintiff's Counsel have achieved in the case; and (6) the other cases that Plaintiff's Counsel
21 have turned down in order to devote their time and efforts to this case.

22 25. While not necessarily required to be demonstrated because a percentage of the
23 fund is proper for this settlement, it should be noted that Plaintiff's Counsel have performed
24 many hours of work in connection with prosecuting this matter such that the requested attorneys'
25 fees award is also justified under a simple lodestar analysis. Sweeny Law, PC has spent a total
26 of **125.7 hours** performing tasks to obtain a recovery on behalf of Plaintiff, the State of
27 California, and the Aggrieved Employees. Attached hereto as "**EXHIBIT 2**" is an Attorney
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1 Task and Time Chart that sets forth in detail the nature of the legal services provided by me and
2 the time incurred in performing those services.

3 26. I believe my billing rate of \$750 per hour is reasonable and commensurate with
4 my individual background, training, and experience in litigating complex wage-and-hour class
5 and PAGA representative actions. The work I performed in this matter, the background of
6 Sweeny Law, PC, as well as my individual background, training, and experience, as outlined in
7 paragraphs 2-6 *supra*, support an hourly rate of \$750 per hour for work performed by Sweeny
8 Law, PC.

9 **ATTORNEYS' COSTS REQUESTED BY PLAINTIFF'S COUNSEL**

10 27. The Settlement provides for reimbursement of all actual, reasonable out-of-pocket
11 litigation costs and expenses. Plaintiff's Counsel seek total reimbursement of \$12,652.15 for
12 litigation costs and expenses incurred in this case, of which Sweeny Law, PC incurred \$96.11,
13 as reflected in the Case Cost Detail attached hereto as "**EXHIBIT 3.**" It should be noted that
14 Plaintiff's Counsel have borne all of the risks and costs of litigation to date and will not receive
15 any compensation until a recovery is obtained in this matter. These costs and expenses were
16 reasonable and necessary in the prosecution of this matter and to obtain the Settlement. Sweeny
17 Law, PC specifically incurred expenses obtaining documents to ensure settlement approval and
18 pulling possible other related matters, in compliance with the Court's PAGA settlement
19 approval procedures.

20 **PLAINTIFF HAS GIVEN NOTICE OF THIS SETTLEMENT TO THE LWDA**

21 28. I have submitted the Settlement Agreement and various supporting papers for this
22 motion to the LWDA in conformity with former California Labor Code section 2699(l)(2) today.
23 Attached hereto as "**EXHIBIT 4**" is the submission form as it looked immediately before I
24 submitted the settlement and related papers, as well as the confirmation email proving the
25 documents were successfully submitted.

26 **NO OTHER CASES ARE ACTIVELY PURSUING RELATED PAGA CLAIMS**

27 29. I appeared at a January 2026 Status Conference, and, along with Defendant's
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counsel, provided this Court with an update about the status of this Settlement and also sought guidance from this Court regarding common shortfalls that would typically warrant continuance or tentative denials of these motions. The Court provided some guideposts and stated that the motion should include a separate discussion of whether there were any other related, overlapping cases. As of today, I am aware of no other cases that are actively pursuing overlapping PAGA claims. I am, however, aware of two other arguably related cases that similarly alleged wage and hour claims against Defendant for overlapping time periods, but, as of today, based on Defendant's description of those cases' procedural posture and/or based on public records, neither of those cases are actively pursuing any PAGA claims that are or will be encompassed by this Settlement such that they would be related to this action. The first, *Jorge Galindo v. HCI Systems, Inc., et al.*, San Bernardino County Superior Court Case No. CIVSB2430713, was filed after this Action as a class action and PAGA action, but, according to Defendant's counsel the named Plaintiff ultimately sought dismissal of all class and PAGA claims without prejudice upon learning of this earlier-filed Action, which is demonstrated by a dismissal entered by the Honorable David E. Driscoll on or about November 17, 2025. The second, *Thomas Joseph LeMasters v. HCI Systems, Inc., et al.*, San Bernardino County Superior Court Case No. CIVSB2530668, was also filed after this Action, on October 17, 2025, and was originally filed without a PAGA claim according to the description of claims in the complaint that I have reviewed on the Court's docket. However, according to Defendant's counsel, and as is reflected on the Court's docket, the *LeMasters* plaintiff filed a First Amended Complaint adding a PAGA claim before ultimately and evidently purporting to abandon it by not serving that FAC once learning that this action fully subsumed the would-be PAGA claims in *LeMasters*. Defendant's counsel has represented that Defendant is moving to compel arbitration in the *LeMasters* action, and that their motion is set for hearing on May 11, 2026. This, too, is reflected in the Court's docket that I have reviewed.

SETTLEMENT ADMINISTRATION COSTS

30. Pursuant to Section 3(a)(3) of the Settlement Agreement, the Parties have agreed

1 to retain, subject to approval by the Court, Simpluris (the “PAGA Settlement Administrator”)
2 to handle the administration of the Settlement. The fees and expenses (“Settlement
3 Administration Costs”) of the PAGA Settlement Administrator are estimated to be \$7,084.00,
4 with an agreement by the PAGA Settlement Administrator not to exceed \$8,500.00. The
5 Settlement Administration Costs shall be paid to the PAGA Settlement Administrator out of the
6 Gross Settlement Amount. These costs include, but are not limited to, expenses for preparing,
7 printing, and mailing the Cover Letter and Individual Settlement Shares checks to the Aggrieved
8 Employees (i.e., PAGA Settlement Packages); performing skip-trace searches; re-mailing the
9 returned PAGA Settlement Packages; and handling inquiries from Aggrieved Employees
10 regarding the Settlement, among other things. Attached hereto as “EXHIBIT 5” is a true and
11 correct copy of the PAGA Settlement Administrator’s quote.

12 31. The Cover Letter will only be distributed in English, as Defendant has represented
13 that its workforce does not have any employees incapable of speaking English.

14 **GENERAL RELEASE FEE TO PLAINTIFF**

15 32. For his broader for his broader individual release (set forth in Section 8(b) of the
16 Settlement Agreement) and his efforts on behalf of the State of California and the other
17 Aggrieved Employees, the Settlement provides a General Release Fee to Plaintiff in the total
18 amount of \$5,000.00 to be paid out of the Gross Settlement Amount, subject to approval by the
19 Court. As indicated at Paragraph 8(d) of the Settlement Agreement, Plaintiff also entered into
20 a separate agreement to release his individual, non-PAGA claims that were originally brought
21 in this action (i.e., the Stand-Alone Claims that were compelled to arbitration on an individual
22 basis by the Arbitration Order) for \$5,000.00.

23 33. The requested General Release Fee is fair and appropriate. It is also worth noting
24 that Plaintiff has undertaken significant efforts and work to spearhead the pursuit of this matter.
25 By initiating and pursuing this matter, Plaintiff stepped into the shoes of the State of California
26 and undertook the responsibilities of serving in a representative capacity. Plaintiff has spent a
27 substantial amount of time and effort discussing his employment with his counsel, gathering and
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1 producing relevant documents and information, and providing the facts and evidence necessary
2 to attempt to prove the allegations. Plaintiff was available whenever his counsel needed him
3 and actively tried to obtain and provide information that would facilitate the pursuit of the PAGA
4 claim. Accordingly, it is appropriate and just for Plaintiff to receive a General Release Fee, in
5 addition to the Individual Settlement Shares he will receive as an Aggrieved Employee for his
6 share of the Net Settlement Amount.

7 34. It is reasonable and just for Plaintiff to receive a General Release Fee in the
8 amount of \$5,000.00, in addition to the Individual Settlement Shares he will receive as an
9 Aggrieved Employee and as a separate fee outside of his separate individual settlement
10 agreement.

11 35. Moreover, pursuant to the contingency-fee agreement entered into by and between
12 Plaintiff and Class Counsel, Plaintiff has agreed to a contingency fee of at least thirty-five
13 percent (35%) of the recovery, and Sweeny Law, PC and Lawyers *for* Justice, PC have a written
14 fee sharing agreement that was presented Plaintiff, in writing, for his approval prior to signing,
15 and was thereafter approved by Plaintiff in writing before it was fully executed.

16 36. I submit that the Settlement fulfills the purpose of the PAGA statute, is within the
17 accepted range of recoveries for this type of litigation, and is fair, reasonable, and adequate
18 given the substantial monetary benefits provided for by the Settlement, the strengths and
19 weaknesses of this case, and the inherent delay, costs, risks, and uncertainty associated with
20 continued litigation.

21 Executed this 17th day of March 2026, at Los Angeles, California.

22 

23 _____
Charles T. Sweeny

EXHIBIT 1

**PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AGREEMENT AND
RELEASE**

This Private Attorneys General Act Settlement Agreement and Release (“Settlement Agreement” or “Settlement”) is entered into by and between Daniel Cisneros (“Plaintiff”), for himself and as a representative of the State of California and the Aggrieved Employees (as defined in Section 3(a)(5) below) and HCI Systems, Inc. (“Defendant”), subject to approval by the Court. The term “Party” or “Parties” as used herein shall refer to Plaintiff, Defendant, or both, as may be appropriate.

1. **Recitals.** This Settlement Agreement is made with reference to the following facts:

(a) Plaintiff is a former employee of Defendant. Plaintiff was employed by Defendant from October 24, 2022 to March 23, 2023;

(b) On November 15, 2023, Plaintiff’s Counsel submitted a letter to the California Labor and Workforce Development Agency (“LWDA”) on behalf of Plaintiff, to notify the LWDA and Defendant pursuant to the Private Attorneys General Act of 2004, Labor Code section 2698, *et seq.* (“PAGA”) of Plaintiff’s intent to seek civil penalties under PAGA for Defendant’s alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 4-2001 and 16-2001, thereby initiating LWDA Case Number LWDA-CM-994520-23 (the “PAGA Notice”);

(c) On March 18, 2024, Plaintiff filed a Class Action Complaint for Damages & Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, *et seq.* (“Operative Complaint”), commencing a representative action under PAGA against Defendant, entitled *Daniel Cisneros v. HCI Systems, Inc. et al.*, San Bernardino County Superior Court Case No. CIVSB2408988 (the “Action”). The Operative Complaint asserts ten causes of action on behalf of Plaintiff and on behalf of a putative class of Defendant’s non-exempt or hourly paid employees for damages, restitution, and penalties, flowing from California Labor Code §§ 201, 202, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, and California Business & Professions Code §§ 17200 *et seq.* as well as applicable Industrial Welfare Commission Wage Orders (the “Stand-Alone Claims”). The Operative Complaint also asserts, as the eleventh cause of action, a single cause of action for civil penalties under PAGA, for violations of multiple provisions of the California Labor Code (the “PAGA Claims”);

(d) On July 30, 2024, the Court granted in part Defendant’s Motion to Compel Arbitration (the “Arbitration Order”). The Court granted Defendant’s Motion as to causes of action numbers 1-10 and denied it as to cause of action number 11. The Court also stayed the Action pending the outcome of the individual arbitration of the Stand-Alone Claims. In addition, as a result of the Arbitration Order, the class action components of the Operative Complaint are no longer pending.

(e) On April 30, 2025, the Parties mediated the Action with the highly-regarded mediator, retired federal judge, Hon. Patrick J. Walsh (Ret.). The matter did not settle at mediation, but with the aid of the mediator’s continued evaluation and through his proposal, the Parties ultimately reached the Settlement described herein to resolve the Action in its entirety;

(f) There has been no determination on the merits of the Action or the PAGA Notice but, in order to avoid additional cost and the uncertainty of litigation, the Parties desire to resolve the Released Claims (as defined in Section 8 below).

2. **No Admission of Wrongdoing.** The Parties expressly recognize that the making of this Settlement does not in any way constitute an admission or concession of wrongdoing on the part of Defendant. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the pendency of the Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Settlement may be used in any proceeding in the Court that has as its purpose the interpretation, implementation, or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

3. **Consideration.**

(a) In consideration for Plaintiff signing this Settlement Agreement and complying with its terms, Defendant shall pay the gross sum of One Million Two Hundred Ninety Five Thousand Dollars and Zero Cents (\$1,295,000.00) (the "Gross Settlement Amount") which includes the Attorneys' Fees and Costs, General Release Fee, Settlement Administration Costs, and the LWDA Payment to resolve the Action and Released Claims (as defined herein), which will be paid as follows:

(1) Defendant agrees not to oppose or impede any application or motion by Plaintiff's Counsel for an award out of the Gross Settlement Amount of attorneys' fees in the amount of thirty-five percent (35%) of the Gross Settlement Amount, which is Four Hundred Fifty Three Thousand Two Hundred Fifty Dollars and Zero Cents (\$453,250.00), and reimbursement of actual, reasonable out-of-pocket litigation costs and expenses, subject to Court approval (collectively, "Attorneys' Fees and Costs"). The Attorneys' Fees and Costs referred to herein shall fully compensate and reimburse Plaintiff's Counsel for any and all of the work already performed in connection with the Action and all work remaining to be performed in fully and finally resolving the Action, including but not limited to securing Court approval of the Settlement Agreement, appearing at hearings, making sure that the Settlement is fairly and properly administered, defending the Settlement Agreement in any challenge, appeal or other post-approval matter, all other work that Plaintiff's Counsel has performed or will perform, and all costs that Plaintiff's Counsel has incurred or will incur.

(2) For a general release of all claims Plaintiff may have against Defendant, Defendant agrees not to oppose any application or motion by Plaintiff's Counsel for a general release fee of up to the amount of Five Thousand Dollars and Zero Cents (\$5,000.00) ("General Release Fee") to be paid to Plaintiff out of the Gross Settlement Amount.

(3) Costs and expenses of administration of the Settlement of up to Fifteen Thousand Dollars and Zero Cents (\$15,000.00) ("Settlement Administration Costs"), but which are currently estimated to be Seven Thousand, Eighty-Four Dollars and Zero Cents

(\$7,084.00) yet are subject to change and subject to Court approval, to be paid to Simpluris (the “PAGA Settlement Administrator”) out of the Gross Settlement Amount.

(4) The amounts stated in Sections 3(a)(1) – 3(a)(3) above, once approved by the Court, shall be paid from the Gross Settlement Amount. The balance remaining after these deductions is referred to as the “Net Settlement Amount.”

(5) Seventy-five percent (75%) of the Net Settlement Amount will be distributed to the LWDA (“LWDA Payment”); and the remaining twenty-five percent (25%) will be distributed to the Aggrieved Employees, defined solely for purposes of this Settlement as all current and former hourly-paid or non-exempt individuals employed by Defendant within the State of California at any time during the PAGA Period (the “Aggrieved Employees”). The period November 15, 2022 through June 27, 2025 is the “PAGA Period.” The Aggrieved Employees are estimated to consist of approximately 910 individuals who worked approximately 66,788 Compensable Pay Periods.¹ If the actual number of Compensable Pay Periods during the PAGA Period is more than ten percent (10%) above 66,788 the Gross Settlement Amount will be increased by the percentage that the actual number exceeds 73,467 (which is 10% more than 66,788) (the “Escalator Clause”). However, if this Escalator Clause is triggered, Defendant in its sole discretion may shorten the end date of the PAGA Period such that the Escalator Clause will not be triggered. The 25% portion of the Net Settlement Amount payable to Aggrieved Employees is referred to as the “Employees’ Portion.”

(6) Because this is a settlement of PAGA claims for civil penalties only, no portion of the Settlement is allocated to unpaid wages. One Hundred Percent (100%) of the payments for Attorneys’ Fees and Costs, General Release Fee, and the Net Settlement Amount to be paid to the LWDA and Aggrieved Employees as described in Section 3(a) above will be treated and reported for tax purposes as non-wage payments and the PAGA Settlement Administrator will be responsible for issuing IRS Forms 1099 as required.

4. **Court Approval is Required.** Plaintiff understands and agrees that the State of California and Aggrieved Employees, including Plaintiff, would not receive the consideration specified in Section 3(a) above, except for Plaintiff’s execution of this Settlement Agreement, and the fulfillment of the promises contained herein, as well as Court approval of the Settlement. If this Settlement Agreement is not approved by the Court, it shall be null and void.

5. **Disbursal of Settlement Funds.**

(a) Subject to Section 4 above, Defendant shall remit to the PAGA Settlement Administrator the sums described more fully in Section 3(a) above, after all of the following has occurred: (i) the Settlement Agreement is fully executed by all Parties and their counsel; and (ii) thirty (30) days have passed following the Court entering an order approving the Settlement Agreement.

(b) Upon complete distribution of the Gross Settlement Amount by the PAGA Settlement Administrator in accordance with this Settlement Agreement, the PAGA Settlement Administrator will notify the Parties of distribution of the entire Gross Settlement Amount.

¹ Defendant paid Aggrieved Employees on a weekly basis.

6. Approval and Implementation of the PAGA Settlement.

(a) The Parties are aware that some courts have approved a PAGA settlement and entered an order approving the settlement and judgment and thereafter closed the case, while others have approved a PAGA settlement and entered only an order approving the settlement with later instructions to file a request for dismissal with prejudice of the action. The Parties agree to cooperate and take any and all steps required by the Court in the Action to implement the settlement and terminate the Action pursuant to settlement (*i.e.*, to terminate the Action by way of judgment or dismissal with prejudice). Plaintiff's Counsel shall ultimately be responsible for preparing and presenting to the Court all filings required by the Court in the Action to implement the Settlement and terminate the Action pursuant to settlement.

(b) The Parties further agree that Plaintiff's Counsel shall be responsible for drafting and/or filing of any further documents and/or filings reasonably necessary to be prepared and/or filed, and to take all steps that may be requested by the Court in order to obtain approval and implementation of this Settlement Agreement, and the payments described in Section 3(a) above. The Parties agree that if the Court requests additional information regarding Defendant's financial condition, Defendant is to provide a declaration to facilitate approval of this Settlement Agreement.

(c) The Parties shall seek to obtain Court approval of this Settlement Agreement by way of an unopposed motion to be filed by Plaintiff's Counsel. Plaintiff's Counsel shall provide a draft of all documents to be submitted in connection with the motion to approve this Settlement Agreement to Charles G. Smith of Law Offices of Charles G. Smith, APC ("Defendant's Counsel") for review and approval prior to filing.

(d) The Parties expressly acknowledge that the Court's approval of the Settlement Agreement is a condition precedent to any payments described in this Settlement Agreement. Therefore, the Parties further acknowledge that, should the Court not grant approval of this Settlement Agreement and/or should the Court refuse to grant judgment or dismissal of the Action and close the Action based on the Settlement, the entirety of this Settlement Agreement shall be null and void.

7. Payment of Gross Settlement Amount / Notice to Recipients.

(a) Subject to Court approval of this Settlement Agreement, payment of the sums described in Section 3(a) above shall be made by Defendant by transmitting the required sums to a qualified settlement account established by the PAGA Settlement Administrator for administration of this Settlement, within thirty (30) days of the Court's order granting approval of this Settlement Agreement. If the date by which payment by Defendant is due falls on a Saturday, Sunday or legal holiday in the State of California, then the due date shall be extended the next following day which is not a Saturday, Sunday or legal holiday in the State of California.

(b) Each Aggrieved Employee will be entitled to a *pro-rata* share of 25% of the Net Settlement Amount (*i.e.*, the Employees' Portion) based upon the number of pay periods they each worked during the PAGA Period ("Compensable Pay Periods"), based on Defendant's payroll records. Specifically, to calculate each Aggrieved Employee's share of the Employees' Portion ("Individual Settlement Share"), the PAGA Settlement Administrator shall: (i) for each Aggrieved Employee, divide the number of Compensable Pay Periods he or she individually worked by the total aggregate number of Compensable Pay Periods worked by all

Aggrieved Employees, and then (ii) multiply this amount by the Employees' Portion to arrive at each Aggrieved Employee's Individual Settlement Share.

(1) One Hundred Percent (100%) of all Individual Settlement Shares are to be considered penalties and the PAGA Settlement Administrator will not undertake any deductions, withholding, or remittances for local, state, or federal taxes. Aggrieved Employees' Individual Settlement Shares will be reported on an IRS Form 1099, as required by the IRS.

(c) The PAGA Settlement Administrator shall distribute each Individual Settlement Share by way of check, along with a cover letter ("Cover Letter") agreed to by the Parties and approved by the Court, in substantially the form attached hereto as "Exhibit A", in the following manner:

(1) No later than fourteen (14) calendar days after the Court's order granting approval of the Settlement, Defendant shall provide the PAGA Settlement Administrator with a list of all Aggrieved Employees (the "Aggrieved Employees List"), containing the following information for each Aggrieved Employee: (i) first and last name; (ii) last known address; (iii) last known telephone number; (iv) Social Security number; and (v) the number of Compensable Pay Periods worked by each Aggrieved Employee during the PAGA Period.

(2) The PAGA Settlement Administrator shall conduct one (1) National Change of Address ("NCOA") search for all individuals identified on the Aggrieved Employees List.

(3) No later than fourteen (14) calendar days after the PAGA Settlement Administrator receives the Gross Settlement Amount, the PAGA Settlement Administrator shall mail the agreed-upon Cover Letter and Individual Settlement Share checks (together, the "PAGA Settlement Package") to all Aggrieved Employees by first-class United States mail. For each PAGA Settlement Package that is returned undeliverable within thirty (30) calendar days of the initial mailing, the PAGA Settlement Administrator shall promptly attempt to locate an alternate, updated address for the Aggrieved Employee at issue, by using a skip-trace search and shall attempt one (1) re-mailing of the PAGA Settlement Package.

(4) The Individual Settlement Share checks issued to Aggrieved Employees shall remain valid for ninety (90) calendar days, and thereafter, shall be canceled. Funds associated with canceled checks shall be transmitted to the State Controller's Office Unclaimed Property Division in the name of the Aggrieved Employee(s) at issue and in the amount of his or her respective Individual Settlement Share(s).

(d) No later than fourteen (14) calendar days after the PAGA Settlement Administrator receives the Gross Settlement Amount, the PAGA Settlement Administrator shall transmit the LWDA Payment to the LWDA.

(e) No later than fourteen (14) calendar days after the PAGA Settlement Administrator receives the Gross Settlement Amount, the PAGA Settlement Administrator shall transmit the Attorneys' Fees and Costs to Plaintiff's Counsel, unless instructed otherwise by Plaintiff's Counsel. At the request of Plaintiff's Counsel, the PAGA Settlement Administrator may purchase annuities, utilize United States Treasuries and bonds, or utilize any other attorney fee deferral vehicles and any additional expenses associated with doing so will be paid separately by Plaintiff's Counsel.

(f) No later than fourteen (14) calendar days after the PAGA Settlement Administrator receives the Gross Settlement Amount, the PAGA Settlement Administrator shall transmit the General Release Fee to Plaintiff.

(g) No later than fourteen (14) calendar days after the PAGA Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the PAGA Settlement Administrator shall transmit the Settlement Administration Costs to itself, only after the PAGA Settlement Packages have been mailed to all Aggrieved Employees.

8. **Release of Claims by Plaintiff, Aggrieved Employees, and the State of California.**

(a) Upon the full funding of the Gross Settlement Amount (provided the Court has entered an order approving the Settlement Agreement), and except as to the rights and obligations created by this Settlement Agreement, Plaintiff and the State of California with respect to Aggrieved Employees, will be deemed to have knowingly and voluntarily released and forever discharged Defendant, including Defendant's parent corporation, franchisees, affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and the trustees, administrators, fiduciaries and insurers of such plans and programs (collectively, the "Released Parties"), to the full extent permitted by law, of and from the Action and from any and all claims, arising during the PAGA Period, for civil penalties under the California Labor Code, Wage Orders, and/or regulations, pursuant to PAGA as well as any interest, fees, and costs available under PAGA, for any claims that were or could have been alleged in the Action based on the factual allegations pled in the PAGA Notice or in the Operative Complaint, and any amendments thereto, including without limitation for failure to pay minimum, regular, and overtime, failure to provide compliant meal periods and associated premiums, failure to provide compliant rest periods and associated premiums, failure to timely pay wages during employment, failure to timely pay wages upon termination, failure to provide compliant and accurate wage statements, failure to maintain complete and accurate payroll records, failure to reimburse necessary business-related expenses and costs, and for violations of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and applicable Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 4-2001 and 16-2001 (collectively, the "Released Claims").

(b) Upon the full funding of the Gross Settlement Amount (provided the Court has entered an order approving the Settlement Agreement), and except as to the rights and obligations created by this Settlement Agreement, Plaintiff, individually and on behalf of his heirs, executors, administrators, representatives, attorneys, successors and assigns, will be deemed to have knowingly and voluntarily released and forever discharged Released Parties, to the full extent permitted by law, from any and all claims of every nature whatsoever, known or unknown, suspected or unsuspected, which Plaintiff has or may have as of the date the Court has entered an order approving the Settlement Agreement. This broader release includes, but is not limited to, all claims arising directly or indirectly from Plaintiff's employment with Defendant and the termination of that employment, including without limitation claims arising under federal, state, or local laws and claims for unpaid wages, penalties, liquidated damages, breach of contract, breach of the implied covenant of good faith and fair dealing, infliction of emotional distress, wrongful or retaliatory discharge, harassment, discrimination, defamation, impairment of

economic opportunity, and violations of public policy, the Fair Labor Standards Act, the California Labor Code, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the California Fair Employment and Housing Act, the California Business and Professions Code, the California Constitution, the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, and the Americans with Disabilities Act of 1990. With respect to those claims released by Plaintiff in an individual capacity, Plaintiff acknowledges and waives any and all rights and benefits available under California Civil Code Section 1542, which provides:

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 understands and agrees that claims or facts in addition to or different from those which are now known or believed by him to exist may hereafter be discovered. It is Plaintiff's intention to, upon the date the Court has entered an order approving the Settlement Agreement and full funding of the Gross Settlement Amount, settle fully and release all claims he now has against the Released Parties, whether known or unknown, suspected or unsuspected. Notwithstanding the above, the general release by Plaintiff shall not extend to claims for workers' compensation benefits, claims for unemployment benefits, or other claims that may not be released by law.

(c) Aggrieved Employees shall not have the right to opt out of or object to the Settlement. Aggrieved Employees are bound by the Released Claims upon the date the Court has entered an order approving the Settlement Agreement and full funding of the Total Settlement Amount, regardless of whether he or she cashes his or her Individual Settlement Share.

(d) Plaintiff also agrees to enter into a separate, written settlement agreement in which he will release his non-PAGA claims (i.e., the Stand-Alone Claims that were compelled to arbitration on an individual basis by the Arbitration Order) for the total sum of Five Thousand Dollars and Zero Cents (\$5,000.00).

9. **Governing Law and Interpretation.**

(a) This Settlement Agreement shall be governed and conformed in accordance with the laws of the State of California. Should any non-material provision of this Settlement Agreement be declared illegal or unenforceable by any court of competent jurisdiction and should that provision be incapable of being modified to be enforceable, such provision immediately shall become null and void, leaving the remainder of this Settlement Agreement in full force and effect.

(b) In the event of a breach of any provision of this Settlement Agreement, any Party reserves the right to institute an action specifically to enforce any term or terms of this Settlement Agreement or seek damages for breach. In an action to enforce any term or terms of this Settlement Agreement or to seek damages for breach of this Settlement Agreement, the prevailing Party in that action shall be entitled to recover reasonable attorney's fees and costs from the non-prevailing Party.

10. **Amendment.** This Settlement Agreement may not be modified, altered or changed except in writing and signed by both Parties' counsel, wherein specific reference is made to this Settlement Agreement, subject to approval by the Court.

11. **Continuing Jurisdiction.** After entry of judgment pursuant to the Settlement, the Court will have continuing jurisdiction pursuant to Section 664.6 of the California Code of Civil Procedure.

12. **Notice of Proposed PAGA Settlement to LWDA.** Pursuant to California Labor Code section 2699(s)(2), Plaintiff's Counsel will submit a copy of this Settlement Agreement to the LWDA at the same time that it is submitted to the Court as part of Plaintiff's motion for final approval of the Settlement.

13. **Miscellaneous.**

(a) The Parties agree to stay all proceedings in the Action, including with respect to California Code of Civil Procedure section 583.310, except such proceedings necessary to implement and complete the Settlement, pending approval of the Settlement.

(b) This Settlement Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which, taken together shall constitute the same instrument. Furthermore, signatures delivered via facsimile transmission or e-mail shall have the same force, validity and effect as the originals of the signatures. An Electronic Signature (as defined below) of a Party affixed to this Agreement shall be as valid as an original signature of such Party thereto, and shall be effective to bind such Party to this Agreement. The term "Electronic Signature" shall mean (i) a manually produced original signature that is affixed to this Agreement via electronic means, and/or (ii) a signature that is generated and affixed to this Agreement via an electronic program (*e.g.*, DocuSign or Adobe Acrobat signature function).

(c) The section headings used in this Settlement Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the interpretation of any of the provisions hereof.

(d) This Settlement Agreement was the result of negotiations between the Parties and their respective counsel with the assistance of the third-party mediator, Hon. Patrick J. Walsh (Ret.). In the event of vagueness, ambiguity, or uncertainty, this Settlement Agreement shall not be construed against the Party preparing it but shall be construed as if both Parties prepared it jointly, and the Parties may present their disputes to the mediator to resolve any vagueness, ambiguity, or uncertainty.

(e) If Plaintiff or Defendant fail to enforce this Settlement Agreement or to insist on performance of any term, that failure does not mean a waiver of that term or of the Settlement Agreement. The Settlement Agreement remains in full force and effect anyway.

(f) Other than information necessary to secure Court approval of this Settlement Agreement and the settlement contained herein, the Parties agree to keep confidential all matters relative to this Settlement Agreement, including the claims asserted by Plaintiff in the Action and PAGA Notice, and the settlement terms, including the facts and circumstances leading up to it. None of the Parties will issue any press release or other disclosure regarding the Settlement Agreement and/or settlement other than as necessary to obtain Court approval or effectuate the

settlement and release terms. Plaintiff further agrees that neither he, nor his respective counsel, will discuss the existence of this Settlement Agreement except as necessary to effectuate its terms or as otherwise required by law, including any and all obligations towards the LWDA and warranted responses to inquiries and/or concerns from Aggrieved Employees. The Parties may, however, discuss the terms of this Settlement Agreement with their spouses, attorneys, financial advisors, tax advisors, and accountants as necessary for tax related purposes, or upon a valid court order, at which time the individual receiving information about the terms of this Settlement Agreement shall be informed that the terms of this Settlement Agreement are confidential, and the individual may not reveal or disclose to any third party the terms of the Settlement Agreement. Nothing herein will restrict Plaintiff's Counsel from including publicly available information regarding this Settlement in future judicial submissions regarding Plaintiff's Counsel's qualifications and experience.

(g) 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.

HAVING ELECTED TO EXECUTE THIS SETTLEMENT AGREEMENT, TO FULFILL THE PROMISES, AND TO RECEIVE THE CONSIDERATION SET FORTH ABOVE, PLAINTIFF AND DEFENDANT, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTER INTO THIS SETTLEMENT AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Settlement Agreement as of the date set forth below:

Date: Mar 6, 2026



Daniel Cisneros (Mar 6, 2026 19:28:28 PST)

Daniel Cisneros
Individually and On Behalf of
the State of California and Aggrieved Employees

Date: _____

HCI Systems, Inc.
By: Dario Canizalez, Chief Financial Officer

settlement and release terms. Plaintiff further agrees that neither he, nor his respective counsel, will discuss the existence of this Settlement Agreement except as necessary to effectuate its terms or as otherwise required by law, including any and all obligations towards the LWDA and warranted responses to inquiries and/or concerns from Aggrieved Employees. The Parties may, however, discuss the terms of this Settlement Agreement with their spouses, attorneys, financial advisors, tax advisors, and accountants as necessary for tax related purposes, or upon a valid court order, at which time the individual receiving information about the terms of this Settlement Agreement shall be informed that the terms of this Settlement Agreement are confidential, and the individual may not reveal or disclose to any third party the terms of the Settlement Agreement. Nothing herein will restrict Plaintiff's Counsel from including publicly available information regarding this Settlement in future judicial submissions regarding Plaintiff's Counsel's qualifications and experience.

(g) 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.

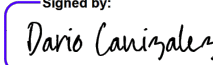
HAVING ELECTED TO EXECUTE THIS SETTLEMENT AGREEMENT, TO FULFILL THE PROMISES, AND TO RECEIVE THE CONSIDERATION SET FORTH ABOVE, PLAINTIFF AND DEFENDANT, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTER INTO THIS SETTLEMENT AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Settlement Agreement as of the date set forth below:

Date: _____

Daniel Cisneros
Individually and On Behalf of
the State of California and Aggrieved Employees

Date: 3/9/2026

Signed by:


9DF6E8E4G5324EE...
HCI Systems, Inc.
By: Dario Canizalez, Chief Financial Officer

Exhibit A

<<Mailing Date>>

To: <<First Name>><<Last Name>>
 <<Street Address>>
 <<City>> <<State>> <<Zip>>

Re: Settlement Payment from *Daniel Cisneros v. HCI Systems, Inc.*, San Bernardino County Superior Court Case No. CIVSB2408988

Dear <<First Name>><<Last Name>>:

I. SUMMARY OF ACTION

Please find enclosed a check in the amount of <<amount of payment>> (“Individual Settlement Share”). This check is your payment from the settlement in the lawsuit entitled *Daniel Cisneros v. HCI Systems, Inc.*, San Bernardino County Superior Court Case No. CIVSB2408988 (“Action”). The Action was brought under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code section 2698 *et seq.*, which is a statute that allows employees to bring lawsuits to recover civil penalties on behalf of the State of California for themselves and other employees for alleged violations of the California Labor Code.

The lawsuit was filed on March 18, 2024 by Plaintiff Daniel Cisneros (“Plaintiff”) against Defendant HCI Systems, Inc. (“Defendant”) – Plaintiff’s former employer – on behalf of the State of California, with respect to himself and other hourly employees, to seek recovery of civil penalties pursuant to the PAGA, for purported violations of the California Labor Code, including, *inter alia*, for alleged failure to properly pay minimum and overtime wages, for alleged failure to provide compliant meal and rest periods and associated premiums, for alleged failure to pay wages during employment and upon termination, for alleged failure to provide compliant wage statements, for alleged failure to maintain requisite payroll records, and for alleged failure to reimburse business expenses. Prior to filing the lawsuit, on November 15, 2023, Plaintiff submitted a letter to the California Labor and Workforce Development Agency (“LWDA”), pursuant to PAGA, to provide notice of his intent to seek civil penalties under PAGA for Defendant’s alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 4-2001 and 16-2001, thereby initiating LWDA Case Number LWDA-CM-994520-23 (the “PAGA Notice”).

II. SETTLEMENT OF ACTION AND TAX INFORMATION

A settlement was reached between Plaintiff and Defendant. In agreeing to this settlement, Defendant does not admit that it is liable in any way for any penalties. In fact, Defendant denies all claims asserted in the Action and maintains that it fully complies and has fully complied with all applicable wage and hour laws.

On <<Date>>, the settlement was approved by the Court, with a portion to be paid to the LWDA and a portion to be paid to all current and former hourly-paid or non-exempt individuals employed by Defendant within the State of California at any time during the PAGA Period (“Hourly Employees”). The period November 15, 2022 through June 27, 2025 is the “PAGA Period.”

Under the Settlement, Defendant has agreed to pay the Gross Settlement Amount of <<\$Amount>>. After deductions for attorneys’ fees and costs, settlement administration costs, and Plaintiff’s general release fee for prosecuting this action and signing a general release of claims, the Net Settlement Amount is <<\$Amount>>, which will be distributed as follows: seventy-five percent (75%) to the LWDA as the LWDA Payment and twenty-five percent (25%) to the Hourly Employees (“Employees’ Portion”).

You are receiving a portion of the settlement (the enclosed Individual Settlement Share) because you have been identified as an Hourly Employee. Each Hourly Employee, including you, is entitled to a *pro-rata* share of the Employee’s Portion of the settlement based upon the number of pay periods they each worked during the PAGA Period (“Compensable Pay Periods”), which was determined by Defendant’s payroll records. Specifically, to calculate each Hourly Employee’s share of the Employees’ Portion (“Individual Settlement Share”), the PAGA Settlement Administrator has: (i) for each Hourly Employee, divided the number of Compensable Pay Periods he or she individually worked by the total aggregate number of Compensable Pay Periods worked by all Hourly Employees, and then (ii) multiplied this amount by the Employees’ Portion to arrive at each Hourly Employee’s Individual Settlement Share.

Your Individual Settlement Share is based on the total number of pay periods that you worked for Defendant in California during the PAGA Period. The Individual Settlement Share is considered to be 100% penalties, which will be reported on an IRS Form 1099. You are responsible for paying any and all taxes that may be due as a result of any payment issued to you under the settlement and should consult a tax advisor regarding the tax consequences of such payment.

III. RELEASE OF CLAIMS

Under the settlement, as of <<date of entry of order by the Court approving the Settlement and full funding of Gross Settlement Amount>>, Plaintiff and the State of California with respect to Hourly Employees, will be deemed to have

knowingly and voluntarily released and forever discharged the “Released Parties” of and from the Action and from any and all “Released Claims.”

“Released Parties” means Defendant, including Defendant’s parent corporation, franchisees, affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and the trustees, administrators, fiduciaries and insurers of such plans and programs.

“Released Claims” means any and all claims, arising during the PAGA Period, for civil penalties under the California Labor Code, Wage Orders, and/or regulations, pursuant to PAGA as well as any interest, fees, and costs available under PAGA, for any claims that were or could have been alleged in the Action based on the factual allegations pled in the PAGA Notice or in the Operative Complaint, and any amendments thereto, including without limitation for failure to pay minimum, regular, and overtime, failure to provide compliant meal periods and associated premiums, failure to provide compliant rest periods and associated premiums, failure to timely pay wages during employment, failure to timely pay wages upon termination, failure to provide compliant and accurate wage statements, failure to maintain complete and accurate payroll records, failure to reimburse necessary business-related expenses and costs, and for violations of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and applicable Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 4-2001 and 16-2001.

Hourly Employees cannot opt out of the settlement and are bound by the release. Even if you do not cash the enclosed check, you will still be releasing the Released Claims. The enclosed check is valid for 90 days from the original date of issuance and mailing, and if it is not cashed, deposited, or otherwise negotiated within the 90-day timeframe, it will be cancelled, and the funds associated with the cancelled check will be transmitted to the State Controller’s Office Unclaimed Property Division in your name and in the amount of your respective Individual Settlement Share.

IV. ADDITIONAL INFORMATION

Do not call or write the Court, Office of the Clerk of the Court, Plaintiff, Plaintiff’s counsel, Defendant, or Defendant’s counsel to ask questions about the settlement or to ask tax-related questions. If you have any such questions, you may contact [PAGA Settlement Administrator] at [toll-free phone number] or via email at [insert email address].

EXHIBIT 2

Task	Time
Investigation and Research / Due Diligence	
Meet, Communicate, and/or Review Communication with Co-Counsel Lawyers for Justice, PC ("Co-Counsel") during the Case	4.50
Meet, Communicate, and/or Review Communication with Plaintiff Daniel Cisneros ("Plaintiff") during the Case	8.40
Pleadings and Court Filings	
Draft, Review, and/or Revise Notice of Association of Counsel (filed on October 23, 2024)	0.20
Review Co-Counsel's Notice of Change of Address or Other Contact Information (filed on February 5, 2025)	0.10
Meet and Confer with Defendant's Counsel and Co-Counsel, and Draft, Review and Revise Joint Response to Order to Show Cause re: Status of Arbitration Hearings and Notice of Settlement (filed on July 25, 2025)	1.10
Meet and Confer with Defendant's Counsel and Co-Counsel, and Draft, Review and Revise Joint Statement Re: Non-Appearance Case Review Re Status of PAGA Settlement Approval Motion (filed on September 23, 2025)	0.90
Meet and Confer with Defendant's Counsel and Co-Counsel, and Draft, Review and Revise Joint Statement Re: Order To Show Cause Re Status of PAGA Settlement (filed on December 31, 2025)	0.60
Review Court's First Certificate of Service re: Minute Order (filed on September 29, 2025)	0.10
Review Court's Second Certificate of Service re: Minute Order (filed on September 29, 2025)	0.10
Appearances	
Prepare for and Remotely Attend Order to Show Cause re Status of Arbitration Proceedings (July 30, 2025)	1.1

Prepare for and Remotely Attend Order to Show Cause and Status Conference re Status of Settlement Approval (January 8, 2026)	0.80
Letters and Correspondence	
Draft, Review, and/or Revise Correspondence to, and Respond to Correspondence from, Defendants' Counsel	14.60
Mediation/Settlement	
Review and Analyze Information, Data, and Documents Obtained from Plaintiff, Defendant, and Other Sources Prior to Mediation, and Draft, Review, and/or Revise Mediation Brief, Supporting Materials, and Penalties Analyses and Calculations for Mediation	34.80
Attend Mediation and Engage in Post-Mediation Negotiations through Mediator	10.60
Review and/or Analyze Mediator's Proposal (issued May 19, 2025)	1.60
Draft, Review, Revise, Negotiate, and Finalize Memorandum of Understanding (executed on August 4, 2025)	5.40
Draft, Review, Revise, Negotiate, and Finalize Original PAGA Settlement and Release (executed on January 6, 2026) and Draft, Review, and/or Revise Cover Letter for PAGA Payments	13.10
Research Judge Tanada's Prior Rulings and Various Filings Related to Motions for Approval of PAGA Settlements and Revise, Negotiate, and Finalize Revised, Operative PAGA Settlement and Release (fully executed on March 6, 2026) and Similarly Revise Cover Letter for PAGA Payment Consistent Therewith	6.30
Draft, Review, and/or Revise Correspondence to, and Respond to Correspondence from, Settlement Administrators, including obtaining competitive bids therefrom.	1.00
Law and Motion	
Research and Draft, Review, and Revise Plaintiff's Notice of Motion and Motion for Approval of Private Attorneys General Act (Cal. Labor Code § 2698, et seq.) Settlement Agreement and Award of Attorneys' Fees and Costs, General Release Fee, and Settlement Administration Costs; Memorandum of Points and Authorities in Support Thereof; Declarations of Charles T. Sweeny and Daniel Bass in Support Thereof; Declaration of Daniel Cisneros in Support Thereof; [Proposed] Order and Judgment Granting Approval Thereof.	20.40

Total Hours:	125.70
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EXHIBIT 3

Sweeny Law, PC Case Costs for Cisneros v. HCI Systems, Inc.

Date	Amount	Expense Description
5/2/2025	\$ 6.50	Purchase of court docket items for claims comparison and analysis
5/2/2026	\$ 0.25	Purchase of court docket items for claims comparison and analysis
3/9/2026	\$ 2.10	Purchase of court docket items for purposes of settlement approval motion samples for Department S33
3/9/2026	\$ 83.50	Purchase of court docket items for purposes of settlement approval motion samples for Department S33
3/9/2026	\$ 3.76	Purchase of court docket items for purposes of settlement approval motion samples for Department S33
Total	\$ 96.11	

EXHIBIT 4

EXHIBIT 5



Reference No. 20250917-PJI-02

September 17, 2025

Charlie Sweeny, Esq.
Sweeny Law, PC
8605 Santa Monica Blvd., #618463
West Hollywood, CA 90069

RE: Cisneros v. HCI Systems, Inc.

Dear Charlie,

Thank you for this opportunity to provide a quote for your PAGA settlement. Using the parameters you described, we are providing a summary of the approximate costs below and detailed in the attached:

	Total Estimated Cost of Administration	Client Courtesy Discount	Discounted Total	Not-To- Exceed Total
Without Spanish Translation	\$8,084	(\$1,000)	\$7,084	\$8,500
With Spanish Translation	\$8,709	(\$1,000)	\$7,709	\$9,000

Please let me know if you have questions. I look forward to this opportunity to work together.

Sincerely yours,

PATRICK J. IVIE
Chief Revenue Officer

m: 310-995-6455
o: 714-975-5260
e: pivie@simpluris.com



3194-C Airport Loop Drive, Costa Mesa, CA 92626
www.simpluris.com | 1 (800) 779 - 2104



3194-C Airport Loop Drive
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800-779-2104
www.simpluris.com

Estimate Number:	20250917-PJI-02	Prepared By:	Patrick Ivie
Estimate Date:	9/17/2025	Telephone Number (mobile):	310.995.6455
Estimate Expiration Date:	12/16/2025	Email:	pivie@simpluris.com

Attorney:	Primary Contact	Attorney:	Opposing Counsel Contact
Firm:	Charlie Sweeny, Esq.	Firm:	
Email:	Sweeny Law, PC	Email:	
	charlie@sweenylaw.com		

Case Name: *Cisneros v. HCI Systems, Inc.*
San Bernardino County; Case No. CIVSB2408988
PAGA Settlement
Scenario 1: Without Spanish Translation

Assumptions

In addition to the assumptions enumerated below, this estimate assumes that

- (1) Simpluris will receive data in a single, complete file; (2) there will be no substantial change to class size or in response rate;
- (3) administration costs will be paid from the QSF, and (4) Simpluris will submit revisions to this estimate to account for any material changes to scope.

Anticipated Class Size:	910	Undeliverable Rate:	10%
Claims Rate:	n/a	Call Rate:	4%
Opt-out Rate:	n/a	Average Call Length:	4 Minutes
Language(s) for Communication	EN	Fund Distribution:	Simpluris
Reminder Mailing:	n/a	Number of Distributions:	1
Unclaimed Funds:	Escheat	State(s):	CA
Lengths of Administration:	6 Months	Tax Years:	1

Case Setup

- Data compilation: develop case-specific response tracking

Category	Unit Value	# of Units	Total
Project Manager - Case Setup	\$110.00	2	\$220.00
Database Manager - Initial Data Analysis	\$125.00	2	\$250.00
Total:			\$470.00

Contact Center

- Establish case-specific toll-free number and 24/7 IVR
- Assuming 4-minute calls

Category	Unit Value	# of Units	Total
Call Center Set Up	\$350.00	1	\$350.00
Toll Free Monthly Maintenance	\$95.00	6 Months	\$570.00
IVR (includes toll-free number charges)	\$15.00	3	\$45.00
Subtotal			\$965.00

Award Disbursement

- Establish 26 CFR § 1.468B-1 compliant Qualified Settlement Fund ("QSF")
- Disburse 2-page cover letter with award payments and tax document
- Uncashed checks to the State Controller's Unclaimed Property Fund
- Conduct regular and annual IRS-mandated QSF reporting and reconciliation (one per calendar year)
- Complete all required filings with state and federal tax authorities

Category	Unit Value	# of Units	Total
Disbursement Data Preparation	\$125.00	3	\$375.00
Disbursement Manager - Data Validation	\$90.00	2	\$180.00
Setup Banking Account/QSF	\$675.00	1	\$675.00
QSF Monthly Maintenance	\$125.00	6	\$750.00
NCOA/CASS/LACS	\$0.14	910	\$127.40
Print & Mail Notice, Check and Tax Documents	\$1.00	910	\$910.00
Postage	\$0.72	910	\$655.20
Process Returned Checks	\$0.20	91	\$18.20
Skip Trace Search Undeliverable Checks	\$0.12	91	\$10.92
Remail Checks (Includes Postage)	\$2.00	91	\$182.00
Escheat Uncashed Checks	\$500.00	1	\$500.00
QSF Reporting and Final Declaration	\$500.00	1	\$500.00
Reissue Checks / Mailing	\$2.50	5	\$12.50
Reissue 1099s	\$2.50	5	\$12.50
Responding to IRS/State/Agency Inquiries	\$75.00	2	\$150.00
QSF Annual Tax Reporting and Reconciliation	\$850.00	1	\$850.00
Distribution Manager	\$90.00	2	\$180.00
Total:			\$6,088.72

Case Completion

- Final audit and review
- Send final declaration and reporting to counsel

Category	Unit Value	# of Units	Total
Data Manager-Final Reporting	\$125.00	2	\$250.00
Clerical-Clean Up Any Misc.	\$45.00	2	\$90.00
Project Manager-Wrap-up Final Issues	\$110.00	2	\$220.00
Total:			\$560.00

Total Estimated Cost of Administration:	\$8,084
Less Client Courtesy Discount:	<u>- \$1,000</u>
Discounted Total:	<u>\$7,084</u>
Not-To-Exceed Total:	<u>\$8,500</u>



3194-C Airport Loop Drive
Costa Mesa, CA 92626
800-779-2104
www.simpluris.com

Estimate Number: 20250917-PJI-02
Estimate Date: 9/17/2025
Estimate Expiration Date: 12/16/2025

Prepared By: Patrick Ivie
Telephone Number (mobile): 310.995.6455
Email: pivie@simpluris.com

Primary Contact
Attorney: **Charlie Sweeny, Esq.**
Firm: Sweeny Law, PC
Email: charlie@sweenylaw.com

Opposing Counsel Contact
Attorney:
Firm:
Email:

Case Name: Cisneros v. HCI Systems, Inc.
San Bernardino County; Case No. CIVSB2408988
PAGA Settlement
Scenario 2: With Spanish Translation

Assumptions

In addition to the assumptions enumerated below, this estimate assumes that

- (1) Simpluris will receive data in a single, complete file; (2) there will be no substantial change to class size or in response rate;
- (3) administration costs will be paid from the QSF, and (4) Simpluris will submit revisions to this estimate to account for any material changes to scope.

Anticipated Class Size:	910	Undeliverable Rate:	10%
Claims Rate:	n/a	Call Rate:	4%
Opt-out Rate:	n/a	Average Call Length:	4 Minutes
Language(s) for Communication	EN/SP	Fund Distribution:	Simpluris
Reminder Mailing:	n/a	Number of Distributions:	1
Unclaimed Funds:	Escheat	State(s):	CA
Lengths of Administration:	6 Months	Tax Years:	1

Case Setup

- Data compilation: develop case-specific response tracking

Category	Unit Value	# of Units	Total
Project Manager - Case Setup	\$110.00	2	\$220.00
Database Manager - Initial Data Analysis	\$125.00	2	\$250.00
Total:			\$470.00

Contact Center

- Establish case-specific toll-free number and 24/7 IVR
- Assuming 4-minute calls

Category	Unit Value	# of Units	Total
Call Center Set Up	\$350.00	1	\$350.00
Toll Free Monthly Maintenance	\$95.00	6 Months	\$570.00
IVR (includes toll-free number charges)	\$15.00	3	\$45.00
Subtotal			\$965.00

Award Disbursement

- Establish 26 CFR § 1.468B-1 compliant Qualified Settlement Fund ("QSF")
- Spanish translation of the notice
- Disburse 2-page cover letter with award payments and tax document
- Uncashed checks to the State Controller's Unclaimed Property Fund
- Conduct regular and annual IRS-mandated QSF reporting and reconciliation (one per calendar year)
- Complete all required filings with state and federal tax authorities

Category	Unit Value	# of Units	Total
Disbursement Data Preparation	\$125.00	3	\$375.00
Disbursement Manager - Data Validation	\$90.00	2	\$180.00
Setup Banking Account/QSF	\$675.00	1	\$675.00
QSF Monthly Maintenance	\$125.00	6	\$750.00
Spanish Translation (assuming 900 words)	\$0.25	900	\$225.00
NCOA/CASS/LACS	\$0.14	910	\$127.40
Print & Mail Notice, Check and Tax Documents	\$1.40	910	\$1,274.00
Postage	\$0.72	910	\$655.20
Process Returned Checks	\$0.20	91	\$18.20
Skip Trace Search Undeliverable Checks	\$0.12	91	\$10.92
Remail Checks (Includes Postage)	\$2.40	91	\$218.40
Escheat Uncashed Checks	\$500.00	1	\$500.00
QSF Reporting and Final Declaration	\$500.00	1	\$500.00
Reissue Checks / Mailing	\$2.50	5	\$12.50
Reissue 1099s	\$2.50	5	\$12.50
Responding to IRS/State/Agency Inquiries	\$75.00	2	\$150.00
QSF Annual Tax Reporting and Reconciliation	\$850.00	1	\$850.00
Distribution Manager	\$90.00	2	\$180.00
Total:			\$6,714.12

Case Completion

- Final audit and review
- Send final declaration and reporting to counsel

Category	Unit Value	# of Units	Total
Data Manager-Final Reporting	\$125.00	2	\$250.00
Clerical-Clean Up Any Misc.	\$45.00	2	\$90.00
Project Manager-Wrap-up Final Issues	\$110.00	2	\$220.00
Total:			\$560.00

Total Estimated Cost of Administration:	\$8,709
Less Client Courtesy Discount:	-\$1,000
Discounted Total:	\$7,709
Not-To-Exceed Total:	\$9,000

Terms and Conditions

All administration services to be provided by Simpluris to Client, are provided subject to the following terms and conditions ("Agreement"):

1. Services: Simpluris agrees to provide Client those services set forth in the Proposal (the "Services") to which these terms and conditions are attached and which has been provided to Client. As compensation for such Services, Client agrees to pay the fees for Services outlined in the Proposal. Simpluris will often take direction from Client's representatives, employees, agents and or professionals (collectively, the "Client Parties") with respect to the Services. The parties agree that Simpluris may rely upon, and Client agrees to be bound by, any direction, advice or information provided by the Client Parties to the same extent as if provided by Client. Client agrees and understands that Simpluris shall not provide Client or any other party with any legal advice.

2. Fee Estimates Not Binding: Simpluris and Client acknowledge that it is difficult to determine all necessary work required for the Services or the total amount of fees that may be incurred in performing the Services. Client agrees that fees for Services described in the Proposal are estimated based on the requirements provided by Client. Actual fees charged by Simpluris may be greater or less than such estimate. Client specifically agrees that it will be responsible for the payment of all such fees. Simpluris will provide estimates and budgets, but they are not intended to be binding; are subject to unforeseen circumstances, and by their nature are inexact.

3. Billing and Payment: Simpluris will invoice Client on a regular basis unless a specific timeframe is otherwise set forth in the Proposal. Client shall pay all invoices within 30 days of receipt. Amounts unpaid after thirty (30) days are subject to a service charge at the rate of 1.5% per month or, if less, the highest rate permitted by law. Services are not provided on a contingency basis and Client shall remain liable to Simpluris for all fees incurred by Simpluris in performing the Services, regardless of any circumstance that impacts the outcome of Client's matter, including but not limited to, court decisions, actions by the parties, or a failure to consummate a settlement.

4. Further Assurances: Client agrees that it will use its best efforts to include provisions reasonably acceptable to Simpluris in any relevant court order, settlement agreement or similar document that provide for the payment of Simpluris' fees and expenses hereunder. No agreement to which Simpluris is not a party shall reduce or limit the full and prompt payment of Simpluris' fees and expenses as set forth herein and in the Proposal.

5. Rights of Ownership: The parties understand that the software programs and other materials furnished Simpluris to Client and/or developed during the course of the performance of Services are the sole property of Simpluris. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. Client agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished to Client. Fees and expenses paid by Client do not vest in Client any rights in such property, it being understood that such property is only being made available for Client's use during and in connection with the Services provided by Simpluris.

6. Bank Accounts: Simpluris will establish a demand deposit checking account for funds received related to a distribution, unless directed otherwise in writing by the parties or unless the settlement agreement stipulates otherwise. Simpluris may derive financial benefits from financial institutions in connection with the deposit of such settlement funds with such institutions. Such amounts may be retained by Simpluris as a financial benefit and to offset administration costs including FDIC deposit insurance recordkeeping. In addition, Simpluris may also be required to establish a Qualified Settlement Fund ("QSF") to hold the settlement funds. Simpluris may derive financial benefits from the QSF in the form of interest payments derived therefrom. The amounts held pursuant to these Terms and Conditions are at the sole risk of Client and, without limiting the generality of the foregoing, Simpluris shall have no responsibility or liability for any diminution of the fund that may result from any deposit made with a financial institution including any losses resulting from a default by such institution or other credit losses. It is acknowledged and agreed that Simpluris will have acted prudently in depositing the fund at such institution.

7. Retention of Documents & Data: Unless otherwise required in writing by the Client or court orders, all returned/undeliverable physical documents will be securely shredded after the data has been confirmed uploaded to our systems. Simpluris will retain bank and tax documents for such period of time as it determines is required to maintain compliance with various federal and state law requirements. Unless otherwise required in writing by the Client or court orders, Simpluris will adhere to the Company's data deletion policies and will destroy all remaining project-related information from our systems three (3) years after the conclusion of the project. Storage beyond three (3) years is available upon request and will be billed as incurred.

8. Limitation of Liability; Disclaimer of Warranties: Simpluris warrants that it will perform the Services diligently, with competence and reasonable care. In no event will Simpluris be liable to Client or any third party for any claims, losses, costs, penalties, fines, judgments, tax activities, lost profits or business opportunities, business interruptions or delay, special, exemplary, punitive, consequential, indirect or incidental damages relating to the performance of the Services, regardless of whether Client's claim is for breach of contract, tort (including negligence and strict liability) or otherwise, regardless of whether such damage was foreseeable and whether such party has been advised of the possibility of such damages. Simpluris' cumulative liability for damages to Client hereunder will be limited to the total fees charged or chargeable to Client for the particular portion of the Services affected by Simpluris' omission or error. THE WARRANTIES SET FORTH IN THIS SECTION ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

9. Force Majeure: To the extent performance by Simpluris of any of its obligations hereunder is substantially prevented or delayed by reason of any act of God, flood, fire, earthquake or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date

that Simpluris began performing Services, epidemic, pandemic, quarantine, civil commotion, national or regional emergency, strikes, labor stoppages or slowdowns or other industrial disturbances, passage of Law or any action taken by a governmental or public authority, including imposing an export or import restriction, quota, or other restriction or prohibition or any complete or partial government shutdown, or national or regional shortage of adequate power or telecommunications or transportation or because of any other matter beyond Simpluris' reasonable control, then Simpluris' performance shall be excused and this Agreement, at Simpluris' option, be deemed suspended during the continuation of such condition and for a reasonable time thereafter.

10. Rights in Data: Client agrees that it will not obtain, nor does Simpluris convey, any rights of ownership in the programs, system data, or materials provided or used by Simpluris in the performance of the Services.

11. Electronic Communications: During the provision of the Services, the parties may wish to communicate electronically with each other at a business e-mail address. However, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Accordingly, each party agrees to use commercially reasonable procedures to check for the then most commonly known viruses and to check the integrity of data before sending information to the other electronically, but each party recognizes that such procedures cannot be a guarantee that transmissions will be virus free. It remains the responsibility of the party receiving an electronic communication from the other to carry out a virus check on any attachments before launching any documents whether received on disk or otherwise.

12. Notice: Any notice required or permitted hereunder shall be in writing and shall be delivered personally, by, or sent by registered mail, postage prepaid, or overnight courier to the address identified by each Party in the Proposal. Notice shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in United States mail, or, if sent by courier, one business day after delivery to such courier service. Notice should be addressed to an officer or principal of Client and Simpluris, as the case may be.

13. Waiver: Failure or delay on the part of a party to exercise any right, power or privilege hereunder shall not operate as a waiver thereof or any of other subject, right, power or privilege.

14. Termination: Client may terminate the Services at any time upon 30 days prior written notice to Simpluris. Termination of Services shall in no event relieve Client of its obligation make any payments due and payable to Simpluris for Services rendered up to the effective date of Termination. Simpluris may terminate this Agreement (i) for any reason upon no less than 60 days prior written notice to the Client; or (ii) upon 15 calendar days' prior written notice if the Client is not current in payment of fees.

15. Jurisdiction: These Terms and Conditions will be governed by and construed in accordance with the laws of the state of California, without giving effect to any choice of law principles.

16. Survival: Any remedies for breach of this Agreement, this Section and the following Sections will survive any expiration or termination of this Agreement: Section 8 - Limitation of Liability; Disclaimer of Warranties, Section 10 – Rights in Data, and Section 15- Jurisdiction, 17 -Confidentiality, and Section 18 – Indemnification.

17. Confidentiality: Simpluris maintains reasonable and appropriate safeguards to protect the confidentiality and security of data provided by Client to Simpluris in connection with the Services. If, pursuant to a court order or other proceeding, a third-party requests that Simpluris to disclose any confidential data provided by or for Client, Simpluris will promptly notify the Client unless prohibited by applicable law. Client will then have the option to provide Simpluris with qualified legal representation at Client's expense to defend against such request. If, pursuant to a court order, Simpluris is required to disclose data, produce documents, or otherwise act in contravention of the obligation to maintain confidentiality set forth in these terms and conditions, Simpluris will not be liable for breach of said obligation.

18. Indemnification: Client will indemnify and hold Simpluris (and the officers, employees, affiliates and agents) harmless against any losses whatsoever incurred by Simpluris, arising out of any action by a third party, including governmental agencies, in connection with , or related to (i) any breach of the terms by Client; (ii) the processing and handling of any payment by Simpluris in accordance with Client's instructions, including without limitation, the imposition of any stop payment or void payment on any check or the wrongful dishonor of a check by Simpluris pursuant to Client's instructions.

19. Severability: If any term or condition or provisions of this Agreement shall be held to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20. Database Administration: Simpluris' database administration for Client assumes that Client will provide complete data that includes all information required to send notifications and calculate and mail settlement payments. Data must be provided in a complete, consistent, standardized electronic format. Simpluris' standardized format is Microsoft Excel, however, Simpluris may accept other formats at its discretion. Further developments or enhancements to non-standardized data will be billed to Client by Simpluris on a time and materials basis according to Simpluris' Standard Rates.

21. Entire Agreement: These Terms and Conditions and the Proposal embody the entire agreement between the parties with respect to the subject matter hereof, and cancels and supersedes all prior negotiations, representations, and agreements related thereto, either written or oral, except to the extent they are expressly incorporated herein. No changes in, additions to, or waivers of, the terms and conditions set forth herein will be binding upon any party, unless approved in writing by such party's authorized representative.