SETTLEMENT AGREEMENT AND RELEASE OF PRIVATE ATTORNEYS GENERAL ACT CLAIMS

This Settlement Agreement and Release of Private Attorneys General Act Claims ("Settlement Agreement") is made by and between, on the one hand, Gilbert Castellon ("Plaintiff"), individually, and on behalf of all other similarly situated PAGA Members and the State of California, and on the other hand, Priority Plus Financial, LLC ("Defendant"). Plaintiff and Defendant are collectively referred to herein as the "Parties" and may be individually referred to as a "Party."

A. Definitions

The following terms, when used in this Settlement Agreement, shall have the following meanings:

1. "Action" or "Lawsuit" means and refers to *Gilbert Castellon, et al. v. Priority Plus Financial, LLC*, Orange County Superior Court Case No. 30-2024-01375043-CU-OE-CXC. The operative complaint in the Action is the Representative Complaint for Recovery of Penalties Under the California Labor Code Private Attorneys General Act of 2004 ("PAGA") filed on January 22, 2024.

2. "Active Date" means the date the Court approves the settlement.

3. "Agreement" or "Settlement Agreement," shall mean this Settlement Agreement and Release of Private Attorneys General Act Claims, together with all attached Exhibits.

4. "Attorney's Fees and Costs" means the sum for which Plaintiff's Counsel shall make application to the Court, that shall not exceed one-third of the Gross Settlement Amount (estimated to be $105,270), and actual litigation costs, not to exceed $10,000, which shall be paid out of the Gross Settlement Amount.

5. "Court" shall mean the Superior Court of the State of California, County of Orange.

6. "Defendant's Counsel" means and refers to CDF Labor Law, LLP.

7. "Effective Date" means the date the Court approves the terms of the Settlement set forth in this Agreement and has entered the Final Order.

8. "Eligible Pay Period" means any pay period worked by a PAGA Member in California in a non-exempt position for Defendant at any time during the PAGA Period. Defendant estimated that there were approximately 3,193 Eligible Pay Periods worked by PAGA Members during the PAGA Period as of the time the Parties attended mediation on November 17, 2024. Defendants have confirmed that as of November 21, 2024, there were approximately 3,485 Eligible Pay Periods worked. If the actual number of pay periods worked as of November 21, 2024 increases by more than ten percent (10%) of the estimate of Eligible Pay Periods worked as of the mediation date (i.e., if the total number of pay periods exceeds 3,512), Defendant will increase the Gross Settlement Amount proportionately for each pay period in excess of 3,512 (the "Escalator Payment").

9. "Final Order" means the Court's Order granting the Stipulation or Motion for Approval of the PAGA Settlement set forth in this Agreement, and dismissing the Action with prejudice.

10. "Funding Date" means fifteen (15) calendar days after the Active Date or December 17, 2025, whichever is later.

11. "Gross Settlement Amount" or "GSA" means the maximum settlement amount that Defendant will pay in connection with the Settlement of the Action. The GSA is Three Hundred Nineteen Thousand Dollars ($319,000), subject to the Escalator Payment memorialized in Paragraph 8, above. No part of the GSA shall revert to Defendant under any circumstances. Defendant shall pay no more and no less than the GSA to resolve the Action as described herein.

12. "LWDA Payment" means seventy-five percent (75%) of the PAGA Penalty Fund that shall be paid to the California Labor & Workforce Development Agency ("LWDA") pursuant to the PAGA for civil penalties.

13. "Net Settlement Amount" or "PAGA Penalty Fund" is the amount that remains after deduction of Plaintiff's Counsel's Attorney's Fees and Costs, Plaintiff's Enhancement Payment, and the Settlement Administrator's fees and costs from the Gross Settlement Amount.

14. "Notice" means the written notice to be mailed to all PAGA Members with their settlement payment checks, once the Court enters its Final Order, and the Active Date occurs, in a form substantially similar to **Exhibit A**, and as approved by the Court.

15. "PAGA Member(s)" means any and all individuals who were employed by Defendant in a non-exempt position for at least one Eligible Pay Period in California during the PAGA Period.

16. "PAGA Settlement" or "Settlement" means the settlement of the Action memorialized in this Agreement.

17. "PAGA Period" means the time period from November 8, 2022 through November 21, 2024.

18. "Plaintiff's Counsel" means Keegan & Baker, LLP.

19. "Released Parties" means Defendant, and each and all of its past, present, and future subsidiaries, officers, directors, members, partners, owners, shareholders, employees, former employees, agents, Professional Employer Organizations, including Insperity, servants, attorneys, assigns, affiliates, independent contractors, volunteers, predecessors, successors, parent companies and organizations, dual employers, service providers, contracting partners, subcontractors, employee benefit plans and fiduciaries thereof, and all other persons and/or entities acting under, by, through, or in concert with any of them.

20. "Settlement Administrator" means CPT Group/Simpluris, or a different third-party administrator agreed to by the Parties and approved by the Court.

B. <u>General</u>

21. On or about November 8, 2023, Plaintiff sent a PAGA Notice to the LWDA, with a copy to Defendant via U.S. Certified Mail, alleging the following claims against Defendant: (1) failure to reimburse for work expenses in violation of Labor Code §§ 2800 & 2802; (2) failure to pay minimum wages and overtime compensation in violation of Labor Code §§ 510, 1197, 1198,

& 1199; (3) failure to provide meal and rest periods and failure to pay premium wages for missed meal and rest periods in violation of Labor Code §§ 226.7 & 512; (4) failure to timely pay wages owed both during employment and upon termination in violation of Labor Code §§ 201, 202, 203, 204, & 210; (5) failure to timely furnish legally compliant wage statements in violation of Labor Code § 226; (6) unlawful deductions from wages in violation of Labor Code § 221; (7) failure to maintain sufficient employment records in violation of Labor Code § 1174; (8) failure to provide written commission agreements in violation of Labor Code § 2751; (8) knowingly requiring employees to execute unlawful contractual provisions in violation of Labor Code § 432.5, and failure to provide notice to employees in violation of Labor Code § 2810.5.

22. Without indication from the LWDA it intended to investigate the claims, on January 22, 2024, Plaintiff filed the Lawsuit in the Superior Court of California, County of Orange, which alleged the claims identified in Plaintiff's PAGA Notice.

23. Defendant denies all of Plaintiff's claims and allegations, as referenced in the Action and the PAGA Notice, and further denies any liability or wrongdoing of any kind associated with the claims alleged in the Action (or otherwise).

24. The Parties have conducted a thorough investigation into the facts of the Action and Arbitration. This included, among other things, informal discovery and exchanging extensive information and key documents relating to the underlying alleged violations. After engaging in several months of protracted settlement negotiations, the Parties reached the proposed Settlement described in this Agreement at a mediation before the Honorable Fransisco F. Firmat (Ret.) of ADR Services, Inc., and believe it is fair, reasonable, and adequate. The Parties understand, acknowledge, and agree this Agreement constitutes a compromise of claims alleged by Plaintiff on behalf of both himself and the State of California and the LWDA, and it is the desire and intention of the Parties to effect a final and complete resolution of the claims Plaintiff has alleged against Defendant and/or any of the Released Parties under PAGA. The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission of liability by Defendant.

25. Under California Law, the State may assess and collect civil penalties from employers for violations of certain provisions of the Labor Code. Labor Code §§ 2698, *et seq*. Under PAGA, however, if an "aggrieved employee" "give[s] written notice by certified mail to the [State] and the employer of the specific provision of the [Labor Code] alleged to have been violated," and the State thereafter decides not to investigate, as is the case here, or does investigate and determines a citation against the employer should not issue, the employee may, "as an alternative" to enforcement by the State, act as a proxy or agent of the state's labor law enforcement agencies and bring a civil action under PAGA to recover civil penalties "on behalf of himself or herself and other current or former employees." *Id*. "[C]ivil penalties recovered by aggrieved employees shall be distributed as follows: 75 percent to the state and 25 percent to the aggrieved employees." *Id*.

26. California Labor Code § 2699(1)(2) provides "[t]he superior court shall review and approve any settlement of any civil action filed pursuant to this part."

27. In consideration of the promises and agreements contained herein, the Parties agree and covenant as follows:

C. **Terms of Settlement**

28. Subject to the Court's approval of the Settlement pursuant to Labor Code § 2699(1)(2), which counsel and the Parties agree to recommend in good faith to the Court, the Parties agree to the following binding settlement of the Action.

29. Upon the Court entering the Final Order and the Active Date occurring, Defendant shall pay the non-reversionary Gross Settlement Amount in the total sum of Three Hundred Nineteen Thousand Dollars ($319,000), subject to the Escalator Payment memorialized in Paragraph 8, above. The Gross Settlement Amount will be distributed in the following manner:

a. **Settlement Administration Costs**: The costs associated with settlement administration will be paid from the Gross Settlement Amount, and shall not exceed $2,750. The Administrator's services will include, but not be limited to the following: updating PAGA Members' mailing addresses through a search of the National Change of Address database maintained by the U.S. Post Office, and skip-tracing bad addresses on the return of the PAGA Members' Notice and settlement payment checks; formatting and printing the Notice to be mailed to the PAGA Member with their settlement payment checks; calculating, issuing and mailing payments to LWDA and PAGA Members; performing tax reporting to the appropriate authorities, among other things called for by this Agreement. Subject to Court approval, the Parties agree to use Simpluris as the Settlement Administrator.

b. **Attorney's Fees and Costs**: The Parties agree that, subject to the Court's review and approval, Plaintiff's Counsel will be paid up to one-third of the GSA ($105,270) from the GSA, as reasonable attorney's fees, plus actual litigation costs also to be paid from the GSA, incurred to litigate the Action and to obtain Court approval of the Settlement. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff's counsel for the Attorney's Fees and Costs awarded. In no circumstance(s) shall Defendant be liable for any payment(s) of Attorney's Fees and Costs separate from the GSA. Any lesser amount awarded by the Court shall not invalidate this Settlement Agreement.

c. **Enhancement Payment to Plaintiff**:

i. Plaintiff may submit an application to the Court for an award of an enhancement payment in an amount not to exceed $10,000 to Plaintiff for the time and effort and for the risk undertaken in bringing and prosecuting the Lawsuit. Defendant shall not oppose any requests by Plaintiff for the Enhancement Payment, which will be paid out of the Gross Settlement Amount.

ii. This Agreement is not contingent upon the Court approving the Enhancement Payment in an amount equal to the maximum amount authorized by this Section. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve the Enhancement Payment in an amount less than that authorized by this Section. The Court's refusal to approve the Enhancement Payment requested by Plaintiff does not give Plaintiff or Plaintiff's Counsel any basis to abrogate this Agreement.

iii. If any portion of the Enhancement Payment authorized by this Section is not approved by the Court, no more than the approved amount shall be paid to

Plaintiff from the Gross Settlement Amount. Also, any difference between the Enhancement Payment authorized by this Section and any Enhancement Payment amount approved by the Court will become part of the PAGA Penalties Fund.

c. **PAGA Penalty Fund**: After deducting the Attorney's Fees and Costs, Enhancement Payment to Plaintiff, and Settlement Administration Costs from the Gross Settlement Amount, the remaining net settlement amount, the PAGA Penalty Fund, will be apportioned as required by the PAGA, Labor Code section 2699(i), with distribution of 75% to the LWDA, (the "LWDA Payment") and 25% to the PAGA Members. The PAGA Penalty Fund shall encompass all payments to the LWDA and to the PAGA Members.

e. **PAGA Penalty Fund Allocation**: The PAGA Penalty Fund, estimated at $190,980 shall be allocated $143,235 (75%) for the LWDA Payment, and $47,745 (25%) to the PAGA Members, to be distributed on a proportionate basis, using the number of Eligible Pay Periods each PAGA Member was employed during the PAGA Period, as detailed in Paragraph 37, herein.

f. **Taxes and Reporting**: Each PAGA Member's individual share will be treated as non-wage income for which the Administrator shall issue an IRS Form 1099 to be mailed together with the PAGA Member's settlement check, and reported to the applicable governmental authorities, if required by law as determined by the Settlement Administrator.

D. Release of PAGA Claims

30. Upon approval by the Court of this Settlement, and subject to Defendant's payment of the GSA, Plaintiff, individually and in his representative capacity on behalf the State of California, and the PAGA Members, will fully and finally release and discharge the Released Parties from all claims, rights, demands, liabilities, costs, attorney's fees, and causes of action for civil penalties under the PAGA arising during employment by Defendant in California in a non-exempt position during the PAGA Period, based on the factual and legal allegations pled in the operative Representative Action Complaint or alleged in the PAGA Notice to recover civil penalties pursuant to PAGA for any alleged violations of the California Labor Code sections, claims, and theories expressly pleaded or that could have been pleaded in the Action, including, but not limited to; claims for alleged violations of California Labor Code sections 200-204, 210, 218.5, 218.6, 221, 226, 226.3, 226.5, 226.7, 432, 432.5, 510, 512, 558, 558.1, 1174, 1174.5, 1182.11, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2751, 2800, 2810.5, 2802, 2698, et seq. violations of applicable IWC Wage orders, or for the following alleged violations: (1) failure to reimburse for work expenses; (2) failure to pay minimum wages and overtime compensation, including commissions; (3) failure to provide meal and rest periods and failure to pay premium wages for missed meal and rest periods; (4) failure to timely pay wages owed both during employment and upon termination; (5) failure to timely furnish legally compliant wage statements; (6) unlawful deductions from wages; (7) failure to maintain sufficient employment records; (8) failure to provide written commission agreements; (8) knowingly requiring employees to execute unlawful contractual provisions; and (9) failure to provide Notice to Employee (the "Released PAGA Claims").

31. In accordance with *Arias v. Superior Court* (2009) 46 Ca1.4th 969, a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys

General Act of 2004 ... is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding," which the Final Order shall so reflect. The Final Order shall not bind or release Plaintiff or the PAGA Members' individual wage claims (or other individual claims). However, in accordance with *Arias*, the Final Order shall be binding on the State of California, the LWDA, Plaintiff and the PAGA Members as to the Released PAGA Claims. A statement to this effect shall be included in the Notice sent to the PAGA Members mailed together with their Settlement payment checks and IRS 1099 Forms.

F. Settlement Approval and Implemental Procedures

32. Plaintiff's Counsel shall prepare a stipulation or motion for approval of the Settlement pursuant to California Labor Code § 2699(1)(2). Defendant shall not oppose any such motion or stipulation provided (a) Plaintiff's Counsel sends a draft of the motion or stipulation for approval to Defendant's Counsel at least seven (7) calendar days before it is filed and Defendant's Counsel agrees, in writing, to the filing of the motion or stipulation; and (b) the motion is consistent with the terms of this Settlement Agreement. Defendant's Counsel will work with Plaintiff's Counsel to provide Plaintiff's Counsel with, and allow Plaintiff's Counsel to submit to the Court, adequate information related to the Released PAGA Claims to obtain approval of the Settlement pursuant to a reasonable request by Plaintiff's Counsel. As required by the Labor Code, at the time the motion for approval of the Settlement is filed with the Court, Plaintiff's Counsel shall submit the stipulation or motion, together with its exhibits, to the LWDA.

33. Within three (3) business days after the Active Date, the Settlement Administrator shall send Defendant's Counsel electronic wiring instructions to fund the Gross Settlement Amount.

34. No later than the Funding Date, Defendant will send to the Settlement Administrator a list which shall provide for each PAGA Member, the following information: (1) full name; (2) last known address; (3) social security number; and (4) the number of Eligible Pay Periods (the "Data List"). The fact that Defendant may not possess/maintain/know any or all of the PAGA Members' last known contact information shall not constitute a breach of this Agreement or be grounds for enforcement; however, Defendant will conduct a reasonable search and diligent inquiry to obtain such information and provide to the Settlement Administrator. The Data List shall be treated as and remain confidential and be used solely to manage the notice and payment process described herein, and for no other purpose, and shall not be disclosed to anyone other than the Settlement Administrator, except as may be required by applicable taxing authorities, or pursuant to express written authorization of Defendant, the PAGA Members or by order of the Court.

35. No later than the Funding Date, Defendant shall wire the Gross Settlement Amount, i.e., $319,000 to the Settlement Administrator. Upon receipt of payment from Defendant, the Administrator will distribute the Gross Settlement Amount as ordered by the Court. If additional payments are required to fund the GSA pursuant to the Escalator Payment clause memorialized in Paragraph 8, above, Defendant shall increase the GSA accordingly pursuant to the Settlement Administrator's confirmation of any additional amount due, which shall be fully funded by the Funding Date. The Gross Settlement Amount must be fully funded before any disbursements will be made. Should Defendant fail to fund the Gross Settlement Amount at the time and in the amounts as provided for by this Agreement, and unless otherwise agreed upon by the Parties or ordered by the Court, Plaintiff may elect to enforce this Agreement or, at his option, this Agreement and the settlement described within it, shall be rescinded, and the Parties shall be restored to their respective positions as of November 17, 2024.

36. The Settlement Administrator will perform all settlement administration duties, including (i) a National Change of Address ("NCOA") database search, (ii) skip trace to update PAGA Member addresses on the return of undelivered Notices and checks; , (iii) issuing the Notice and payments to Plaintiff and all PAGA Members, (iv) issuing all required IRS forms, and reporting same to the applicable taxing authorities; and (v) issuing payment to the LWDA, PAGA Members, Plaintiff's Counsel and to itself, with payment coming from the Gross Settlement Amount.

37. The Administrator shall have the authority and obligation to calculate the amounts of the PAGA Members' Settlement payments in accordance with the methodology set forth in this Agreement and orders of the Court. Each PAGA Member will be eligible to receive a Settlement payment based on the total number of his/her Eligible Pay Periods worked during the PAGA Period in relation to the aggregate number of Eligible Pay Periods worked by all PAGA Members during the PAGA Period, e.g.

$$\text{PAGA Member Payment} = \$47{,}745 \ (\text{x}) \ \frac{\text{PAGA Member's Number of Eligible PAGA Pay Periods}}{\text{All PAGA Members' Eligible PAGA Pay Periods}}$$

38. All disbursements to the PAGA Members, the LWDA, the Settlement Administrator, and Plaintiff's Counsel required under this Settlement Agreement shall be made within ten (10) business days after Defendant fully funds the GSA. Prior to disbursement, the Settlement Administrator will forward its calculations of the PAGA Members' Settlement payments to all counsel, and receive approval from all counsel as to such amounts. Any Party's failure to respond to the Settlement Administrator's request for approval within five (5) business days shall be deemed approval of the calculations.

39. PAGA Members shall have 180 calendar days after mailing to cash their individual settlement checks. If any PAGA Member's check is not cashed within that period, the check will be voided and a stop-payment will be issued. Any funds in the Settlement Administrator's account as a result of a failure to timely cash a settlement check shall be transmitted to the California State Controller's Unclaimed Property Fund in the name of each respective PAGA Member whose check was uncashed and voided. Neither Defendant, Defendant's Counsel, Plaintiff's Counsel, nor Plaintiff will have any liability for lost or stolen settlement checks, forged signatures on settlement checks, or unauthorized negotiation of settlement checks. The Parties agree that this disposition results in no "unpaid residue" under California Civil Procedure Code § 384, as the entire Settlement will be paid out to PAGA Members whether or not they all cash their settlement checks. Therefore, Defendant will not be required to pay any interest on said amount.

40. By no later than 240 days after mailing Settlement payment checks to all PAGA Members, the Settlement Administrator shall provide Plaintiff's Counsel and Defendant's Counsel with a declaration setting forth the disbursements made to the PAGA Members, the LWDA, Plaintiff's Attorneys for attorneys' fees and litigation costs, and to itself, and shall include information regarding the number of uncashed checks as of that date, the aggregate sum of uncashed checks, and the timeline for transmittal of sum represented by all uncashed checks to California's Controller, Unclaimed Property Division, (if applicable).

G. Miscellaneous Provisions

41. **Eligible Pay Periods**: Defendant represented there are approximately 3,193 Eligible Pay Periods worked by the PAGA Members during the PAGA Period as of the date of the mediation on November 17, 2024.

42. **Voiding the Agreement**: The Settlement Agreement shall be voidable and unenforceable as to all Parties herein at the option of either Party if (a) the Court should for any reason fail to approve this Settlement in the form agreed to by the Parties, or (b) the Court should for any reason fail to enter a dismissal with prejudice of the Action, or (c) the approval of the Settlement and dismissal is reversed, modified or declared or rendered void by a court of competent jurisdiction. In that event, then neither the Settlement nor any of the related negotiations or proceedings shall be of any force or effect, and all Parties to the Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Notwithstanding the foregoing, the Parties may attempt in good faith to cure any perceived defects in the Settlement to facilitate approval.

43. **Waiver**: The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

44. **Parties' Authority**: The signatories hereto represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties hereto to the terms and conditions hereof.

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

46. **No Prior Assignments**: The Parties hereto represent, covenant, and warrant that they have not, directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights released and discharged by this Settlement Agreement.

47. **No Admission**: Defendant denies any and all liability to Plaintiff and/or the PAGA Members in this Action, as to any and all causes of action that were asserted or that might have been asserted in this Action based on the facts set forth in the Representative Complaint for Recovery of Penalties Under the California Labor Code Private Attorneys General Act of 2004 ("PAGA") and the PAGA Notice. Nonetheless, Defendant wishes to settle and compromise the matters at issue in the Action to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendant also has taken into account the uncertainty and risks inherent in litigation, and without conceding any infirmity in the defenses that it has asserted or could assert against Plaintiff, have determined that it is desirable and beneficial that Plaintiff's claims be settled in the manner and upon the terms and conditions set forth in this Agreement.

48. **Binding Settlement**: Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this Settlement Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This Settlement Agreement

is a settlement document and shall, pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible in evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Settlement Agreement.

49. **Enforcement Actions**: This Agreement is binding and enforceable under California Code of Civil Procedure section 664.6, and the Court shall retain jurisdiction to enforce this Agreement. Except as otherwise provided in this Settlement Agreement, in the event that one or more of the Parties to this Settlement Agreement institutes any action or proceeding in this case under Section 664.6 or otherwise or separate legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, the successful Party or Parties shall be entitled to recover from the unsuccessful Party or Parties reasonable attorney's fees and costs incurred in connection with any enforcement actions.

50. **Notices**: Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested, addressed as follows:

To Plaintiff:

Jason E. Baker
John J. Weber
Keegan & Baker, LLP
5820 Oberlin Drive, Suite 205
San Diego, CA 92121

To Defendant:

Todd R. Wullfson
Nancy N. "Niki" Lubrano
CDF Labor Law, LLP
18300 Von Karman Avenue, Suite 800
Irvine, CA 92612

51. **Construction**: The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arm's-length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his or its counsel participated in the drafting of this Settlement Agreement.

52. **Captions and Interpretations**: Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

53. **Modification**: This Settlement Agreement may not be materially changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. Non-material changes requested by the Court may be made upon stipulation signed by all counsel. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.

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

55. **Integration Clause**: This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

56. **Continuing Jurisdiction**: After entry of the Final Order, the Court will have continuing jurisdiction under California Code of Civil Procedure § 664.6 and as otherwise allowed by law solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters; and (iii) such post-Final Order matters as may be appropriate under court rules or as set forth in this Settlement.

57. **Waiver of Appeals**: The Parties waive all appeals from the Court's approval of the Agreement, unless the Court materially modifies the Agreement and/or unless a non-Party files an appeal.

58. **Binding On Assigns**: This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

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

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Settlement Agreement and Release of PAGA Claim as of the date set forth below.

Dated: 7/18/2025 By: DocuSigned by: ____________________ B040397A438C461...
Plaintiff, Gilbert Castellon

Dated: ____________________ By: ____________________
Todd Avila, Managing Member
Defendant, Priority Plus Financial, LLC

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

55. **Integration Clause**: This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

56. **Continuing Jurisdiction**: After entry of the Final Order, the Court will have continuing jurisdiction under California Code of Civil Procedure § 664.6 and as otherwise allowed by law solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters; and (iii) such post-Final Order matters as may be appropriate under court rules or as set forth in this Settlement.

57. **Waiver of Appeals**: The Parties waive all appeals from the Court's approval of the Agreement, unless the Court materially modifies the Agreement and/or unless a non-Party files an appeal.

58. **Binding On Assigns**: This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

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

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Settlement Agreement and Release of PAGA Claim as of the date set forth below.

Dated: ________________ By: ________________________________
Plaintiff, Gilbert Castellon

DocuSigned by:
Todd Avila
1B6D257A05D8485...

Dated: 7/7/2025 By: ________________________________
Todd Avila, Managing Member
Defendant, Priority Plus Financial, LLC

AS TO FORM:

Keegan & Baker, LLP

Dated: 7/17/2025 By: Signed by: John J Weber D58F1F462A494B5...

John J. Weber, Attorney for Plaintiff Gilbert Castellon

CDF Labor Law, LLP

Dated: _______________ By: ________________________________

Nancy N. Lubrano, Attorneys for Defendant Priority Plus Financial, LLC

AS TO FORM:

Keegan & Baker, LLP

Dated: ________________ By: ______________________________

John J. Weber, Attorney for Plaintiff Gilbert Castellon

CDF Labor Law, LLP

Dated: 7/7/2025 By: ______________________________

Nancy N. Lubrano, Attorneys for Defendant Priority Plus Financial, LLC

EXHIBIT A

«DATE»

«FIRST_NAME» «LAST_NAME»
«ADDRESS 1»
«ADDRESS 2»

Re: Settlement Payment from *Gilbert Castellon, et al. v. Priority Plus Financial, LLC*

Dear «FIRST_NAME» «LAST_NAME»

By order of the Orange County Superior Court, enclosed is your payment from the settlement of the *Gilbert Castellon, et al. v. Priority Plus Financial, LLC*, litigation filed in the Orange County Superior Court, Case No. 30-2024-01375043-CU-OE-CXC (the "Lawsuit").

The Lawsuit was filed by Gilbert Castellon ("Plaintiff") against Priority Plus Financial, LLC (referred to as "Defendant"), under the California Private Attorneys General Act of 2004, Cal. Labor Code §§ 2698, *et seq.* (abbreviated "PAGA") for alleged violations of the California Labor Code. The claim was brought on behalf of the State of California and all non-exempt individuals employed by Defendant in California at any time from November 8, 2022 through November 21, 2024 ("PAGA Members"). You have been identified as a PAGA Member, on whose behalf the case was brought.

The Plaintiff in the Lawsuit claimed Defendant owed civil penalties under PAGA for violating certain provisions of the California Labor Code. The provisions of the California Labor Code that were alleged to have been violated are: (1) failure to reimburse for work expenses; (2) failure to pay minimum wages and overtime compensation; (3) failure to provide meal and rest periods and failure to pay premium wages for missed meal and rest periods; (4) failure to timely pay wages owed both during employment and upon termination; (5) failure to timely furnish legally compliant wage statements; (6) unlawful deductions from wages; (7) failure to maintain sufficient employment records; (8) failure to provide written commission agreements; and (8) knowingly requiring employees to execute unlawful contractual provisions. Defendant vigorously denies it did anything wrong or owes any PAGA penalties to the State of California or to PAGA Members.

The Orange County Superior Court has not ruled on the merits of the Lawsuit but it has approved the settlement between the Parties, including the civil penalties settlement amount to be paid by Defendant. Pursuant to California law, a portion of that settlement amount goes to the State of California's Labor and Workforce Development Agency, ("LWDA"). Another portion of the settlement amount goes to the PAGA Members. In agreeing to this settlement, Defendant does not admit that it is liable in any way to any individuals for the alleged violations. The settlement of this Lawsuit and Final Approval Order does not in any way release a PAGA Member's individual claims, to the extent a PAGA Member may have any individual claims. You may not opt-out of this settlement of PAGA claims.

The settlement is for a total amount of $319,000 (the "Gross Settlement Amount"). After deduction of Plaintiff's Counsel's attorneys' fees (33.33% of the Gross Settlement Amount), Plaintiff's Counsel's costs of litigation (not to exceed $10,000), any enhancement payment to Plaintiff approved by the Court (up to $5,000), and costs to the settlement administrator (not to exceed $2,750), the remaining amount (the "PAGA Penalty Fund") is allocated 75% to the LWDA, and 25% to the PAGA Members, and is distributed on a proportionate basis based on the number of eligible pay periods each PAGA Member was employed by Defendant from November 8, 2022 through November 21, 2024. Each PAGA Member's share is calculated as follows:

> Proportionate Share = PAGA Penalty Fund x (total number of eligible pay periods worked by PAGA Member ÷ total number of eligible pay periods worked by all PAGA Members)

You are receiving this payment as your proportionate share of the PAGA Penalty Fund. You have 180 days to cash the settlement check. If you do not cash your check by this date, the money will be transferred to the State of California Unclaimed Property Fund, from which you may recover the money at a future time. You will receive an IRS Form 1099 form for the amount of your settlement check, if required by law. If you have lost or misplaced your settlement check, you should contact the Administrator at the toll-free number shown at the top of this letter. It is strongly recommended that all checks be cashed immediately upon receipt. Defendant will not in any manner retaliate against any individual who cashes their settlement check.

You are not a party to the Lawsuit, but you and the State of California will be bound by the order in this matter approving the settlement in the Lawsuit, as well as to the release of claims in this Lawsuit, stated below, only as to civil penalties under PAGA.

The Court-approved settlement contains the following release of claims, to which you are bound:

Upon approval by the Court of this Settlement, and subject to Defendant's payment of the GSA, Plaintiff, individually and in his representative capacity on behalf the State of California, and the PAGA Members, will fully and finally release and discharge the Released Parties from all claims, rights, demands, liabilities, costs, attorney's fees, and causes of action for civil penalties under the PAGA arising during employment by Defendant in California in a non-exempt position during the PAGA Period, based on the factual and legal allegations pled in the operative Representative Action Complaint or alleged in the PAGA Notice to recover civil penalties pursuant to PAGA for any alleged violations of the California Labor Code sections, claims, and theories expressly pleaded or that could have been pleaded in the Action, including, but not limited to; claims for alleged violations of California Labor Code sections 200-204, 210, 218.5, 218.6, 221, 226, 226.3, 226.5, 226.7, 432, 432.5, 510, 512, 558, 558.1, 1174, 1174.5, 1182.11, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2751, 2800, 2810.5, 2802, 2698, et seq. violations of applicable IWC Wage orders, or for the following alleged violations: (1) failure to reimburse for work expenses; (2) failure to pay minimum wages and overtime compensation, including commissions; (3) failure to provide meal and rest periods and failure to pay premium wages for missed meal and rest periods; (4) failure to timely pay wages owed both during employment and upon termination; (5) failure to timely furnish legally compliant wage statements; (6) unlawful deductions from wages; (7) failure to maintain sufficient employment records; (8) failure to provide written commission agreements; (8) knowingly requiring employees to execute unlawful contractual provisions; and (9) failure to provide Notice to Employee (the "Released PAGA Claims").

The "Released Parties" means Defendant, and each and all of its past, present, and future subsidiaries, officers, directors, members, partners, owners, shareholders, employees, former employees, agents, Professional Employer Organizations, including Insperity, servants, attorneys, assigns, affiliates, independent contractors, volunteers, predecessors, successors, parent companies and organizations, dual employers, service providers, contracting partners, subcontractors, employee benefit plans and fiduciaries thereof, and all other persons and/or entities acting under, by, through, or in concert with any of them.

If you have any questions, you may contact the settlement administrator (whose contact information is at the top of this letter).

PLEASE DO NOT CONTACT THE COURT OR THE JUDGE WITH ANY QUESTIONS ABOUT THE LAWSUIT OR THE SETTLEMENT