

PAULA NORTON V. STRATEGIC STAFFING SOLUTIONS-S3, L.L.C., ET AL.
MEMORANDUM OF AGREEMENT

1. Defendants Strategic Staffing Solutions-S3, L.L.C. ("S3") and Cynthia J. Pasky ("Defendants") and Plaintiff Paula Norton ("Plaintiff"; together with Defendants, the "Parties") set forth the terms of a Memorandum of Agreement ("MOA" or "Agreement") designed to bind the Parties to terms of a settlement to be thereafter memorialized further in a long form Stipulation of Settlement, the provisions of which will be consistent with this MOA.
2. For purposes of this Agreement, the "Action" is defined as *Norton v. Strategic Staffing Solutions-S3, L.L.C., et al.*, United States District Court for the Northern District of California, Case No. 3:23-cv-06648.
3. This MOA memorializes the settlement reached in the mediation on September 6, 2024 between Plaintiff, the Settlement Classes, and Defendants. This MOA confirms the essential terms of the settlement reached between the Parties with the assistance of mediator Judge Peter D. Lichtman (Ret.). The Parties intend to enter into a more formal long form agreement (the "Stipulation of Settlement") not inconsistent with the terms of this MOA, but if they fail to execute a more formal agreement, this MOA will be final, binding and enforceable pursuant to California Code of Civil Procedure Section 664.6 and admissible pursuant to California Evidence Code Section 1123 and/or analogous federal statutes.
4. The Parties agree to cooperate fully with each other to accomplish the terms of the Agreement by entering into the long-form Stipulation of Settlement, to use their best efforts to finalize the Agreement, and to use any other efforts that may become necessary by order of the Court, or otherwise, to effectuate the Agreement.
5. The Parties shall have 45 days from the date of this MOA to agree to the Stipulation of Settlement, including a proposed Notice form, Share form, and preliminary/final approval orders. Plaintiff shall prepare the initial draft. In the event that the Parties do not execute the Stipulation of Settlement within 45 days of both parties' approval of the finalized Stipulation of Settlement, either party may move for preliminary approval of this class action settlement on the basis of the terms set forth in this MOA. In that event, Plaintiff will propose customary terms and procedures for the notice process and settlement administration as part of a motion for approval. The Parties may extend this deadline by mutual agreement in writing.
6. The Parties will stipulate to class certification for purposes of settlement only. If the Court does not grant either preliminary or final approval of this settlement, the Parties stipulate that class certification will be revoked without prejudice.
7. The Parties agree that the proper scope and definition of the Classes as alleged in the operative complaint and the definition of the Settlement Class Members for purposes of this Agreement are:

- a. *Non-Exempt Class*: "All non-exempt persons who worked at least one 3.5-hour shift for Defendants, whether as a direct-hire or agency employee, in the State of during the Release Period."
 - b. *Exempt Class*: "All persons who worked at least one 3.5-hour shift for Defendants in the State of California and were classified as an exempt employee during the Release Period."
- 8. The Parties and their counsel agree that the consideration described in the subparagraphs below constitute their good faith compromise of the Action based upon their assessment of the value of the case, and the mutual risks and costs of further litigation. Specifically, the consideration provided by Defendants consists of the following:
 - a. S3 shall pay the Settlement Fund Amount ("Settlement Fund Amount" or "MSA") of **\$5,250,000.00** in full and complete settlement of this matter. S3 shall also pay the employer's portion of all payroll taxes separate from and in addition to the Settlement Fund Amount.
 - b. S3 shall fund the MSA within 14 calendar days of being provided the final accounting of funds by the administrator, which shall be within 7 calendar days of the "Effective Date."
 - c. The Effective Date means the date on which the settlement embodied in this MOA shall become effective and is the date after all of the following events have occurred: (i) the long-form Stipulation of Settlement has been executed by Plaintiff and Defendants; (ii) the Court has given Preliminary Approval to the Settlement, including approving a provisional Settlement Class or Classes; (iii) notice has been given to the putative members of the Settlement Class(es), providing them with an opportunity to object to the terms of the Settlement or to opt-out of the Settlement; and (iv) either (1) the Court has held a formal fairness hearing and, having heard no objections by any Class Members to the Settlement, has given Final Approval to the Settlement, including entering a final order and judgment certifying the Settlement Class(es) and approving this Settlement Agreement; or (2) in the event there are oral or written objections filed by Class Members prior to or at the formal fairness hearing which are not later withdrawn or denied, the later of the following events: (a) five (5) business days after the period for filing any appeal, writ, or other appellate proceeding opposing the Court's Final Approval of the Settlement have elapsed without any appeal, writ, or other appellate proceeding having been filed; or (b) five (5) business days have elapsed following the final and conclusive dismissal or resolution of any appeal, writ, or other appellate proceeding opposing the Settlement, with no right to pursue further appellate remedies or relief.
 - d. This is a non-reversionary settlement. All funds represented by uncashed checks remaining in the Qualified Settlement Fund shall be tendered to the State Bar's

Justice Gap Fund as *cy pres* provided the Court approves the Fund as a *cy pres* recipient.

- e. Confirmatory Discovery. Defendant agrees to provide Plaintiff with reasonable confirmatory discovery to allow Plaintiff to verify the information relied upon in agreeing to settle. Defendant will provide a redacted copy of their mediation brief to Class Counsel containing the legal and factual support for any alleged defenses to certification or merits. Defendant shall not object to Class Counsel being provided with the Class List prior to final approval being granted. Plaintiff's counsel agrees to treat the personal contact information as strictly confidential.
9. The Parties agree that the consideration described in Paragraph 8, above, constitutes adequate consideration for the settlement and release described below:
- a. *Release by Plaintiff*: The Plaintiff shall be bound by a complete Section 1542 release and waiver of all claims known and unknown, without exception, against the "Released Parties" (below), except as may be prohibited by law.
 - b. *Release by Settlement Class Members*: All Settlement Class Members who do not opt out of the Settlement will be bound by a release that releases all claims against the Released Parties, whether known or unknown, within the definition of the "Released Claims."
 - c. *Definition of "Released Claims"*: Those claims asserted in the Complaint or that reasonably could have been asserted based on the factual allegations contained in the operative complaint or LWDA letter, including but not limited to all of the following claims for relief: (1) failure to pay minimum wages for all hours worked, (2) failure to pay overtime wages, (3) failure to provide meal periods or premium pay in lieu thereof, (4) failure to provide rest periods or premium pay in lieu thereof, (5) failure to reimburse necessary business expenses, (6) failure to provide and maintain accurate payroll records, (7) failure to pay wages when due, (8) illegal noncompete agreements, (9) civil penalties under the Private Attorneys General Act ("PAGA"), and (10) violation of California's Unfair Competition Law. The period of the Release shall extend to the limits of the Release Period.
 - d. *Definition of "Released Parties"*: "Released Parties" shall mean Defendants S3 and Cynthia J. Pasky, as well as their subsidiaries and/or parent corporations, divisions, affiliates, past and present officers, predecessors, directors, employees, agents, shareholders, fiduciaries, representatives, attorneys, insurers, benefit plans, private investigators and each and all of the foregoing persons' heirs, assigns, executors, administrators and successors, or any of them.
 - e. *Definition of "Release Period"*: The Release Period shall be the period from

November 7, 2022 through the lesser of 90 days from mediation or the date of the Court's Preliminary Approval of the Settlement. The PAGA Release Period shall be the period from November 7, 2022 through the lesser of 90 days from mediation or the date of the Court's Preliminary Approval of the Settlement.

10. In the event that: (a) the Court does not finally approve the Settlement in substantially the same form as set forth herein or the long form Settlement; or (b) the Settlement does not become final for any other reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning and the Parties shall be in the same position as they were prior to agreeing to this MOU. However, in such event, if the Court rejects the Settlement despite the Parties' best efforts, Defendants shall still be liable for all Settlement Administration costs incurred.
11. Defendants will not oppose a request by the named Plaintiff to be appointed Class Representative and for an enhancement payment of up to \$35,000, to be deducted from the Settlement Fund Amount, in exchange for her service as Class Representative. This enhancement payment is in addition to the payment to which she is entitled as Settlement Class Member and in addition to the payment described in Paragraph 8. In the event that the Court reduces or does not approve the requested Class Representative enhancement payment, Plaintiff shall not have the right to revoke this MOA or the Stipulation of Settlement, and it will remain binding.
12. The Parties designate \$550,000 of the Settlement Fund Amount towards payment of civil penalties for violations of PAGA. This amount will be allocated as follows: 75% will be payable to the LWDA and the remaining 25% will be payable to the Settlement Class.
13. Defendants will not oppose an application for an award to Class Counsel, from the Settlement Fund Amount, of up to one-third of the Settlement Fund Amount in attorneys' fees, plus actual costs and expenses, of up to \$50,000, as supported by declaration. Even in the event that the Court reduces or does not approve the requested Class Counsel Award and costs, Plaintiff's Counsel shall not have the right to revoke this MOA or this settlement, and it will remain binding.
14. The Parties will select a Settlement Administrator on the basis of cost and competence, with the best interests of the Class in mind. Defendants and Defendants' counsel shall not enter into any contractual relationship with the Settlement Administrator. Fees of the Settlement Administrator shall be paid out of the Settlement Fund Amount, in the amount up to \$50,000. The Stipulation of Settlement shall make clear that Plaintiff, Plaintiff's counsel, Defendants, and Defendants' counsel shall not bear any responsibility for errors or omissions in the calculation or distribution of the settlement payments or development of the list of recipients of settlement payments or any increase in the fees of the Settlement Administrator that may result from such errors or omissions.
15. The Class Notice will contain an estimated individual settlement payment, dates of

employment, how to opt-out of the settlement, how to contest the workweek calculation (*i.e.*, a “Share” form), and how to object to the settlement. Settlement Class Members will be mailed a Class Notice and return postage-paid envelope. Settlement Class Members shall have 30 days to respond to the mailing.

- a. Settlement Class Members who submit timely requests to opt out of the settlement will not participate in the settlement and will not be bound by the terms of the proposed settlement or the final judgment except as to that portion of the settlement and final judgment dedicated to alleged violations of the PAGA and associated penalties. All Settlement Class Members who have not validly opted out by the stated time period will be subject to the Release.
 - b. After reductions for the PAGA Claim, attorneys’ fees, costs, administrative costs, and class representative enhancement payment, (including without limitation any penalties and interest payable thereon), the remaining balance of the Settlement Fund Amount (the “NSA”) shall be distributed on a pro rata basis to Settlement Class Members, based on a reasonable allocation method to be proposed by Class Counsel, such as by shifts worked or weeks worked; however, workweeks worked by exempt employees shall be weighted at 5:1 to the workweeks worked by non-exempt employees to account for the difference in their legal claims. Payments shall be reduced as necessary to account for mandatory tax withholdings. Recipients of payments pursuant to this Agreement are exclusively responsible for all other tax obligations.
 - c. S3 shall transmit the names and contact information confidentially for all Settlement Class members to a mutually agreed upon claims administrator within 5 calendar days after the entry of a Court order preliminarily approving the Settlement (the “Class List”). To comply with Paragraph 18, the Class List provided by Defendants to the administrator as part of the administration process shall also the start and ends dates of employment for Class Members, as well as Defendants’ best estimates of workweeks worked by each Class Member, subject to the confirmatory discovery referenced above.
16. The settlement payment for each individual claimant shall be allocated as follows: (a) 20% as wages; (b) 40% as penalties; and (c) 40% as interest. The Settlement Administrator will be responsible for issuing to claimants a form W-2 for amounts deemed as wages and an IRS Form 1099 for the portions allocated to penalties and interest.
- a. All settlement checks sent to Settlement Class Members will contain an endorsement legend stating that by cashing the check, the Settlement Class Member is affirmatively agreeing to be bound by a complete settlement of all of the Released Claims under both the FLSA and state law, and they are agreeing not to opt out of or object to the settlement.
17. Defendants maintain the right, in their sole discretion, to revoke the settlement and its

stipulation to class certification prior to the final fairness hearing if 10% or more of Settlement Class Members (*i.e.*, 41 or more Class Members) opt out of the settlement. In such case, they shall be solely responsible for all administration fees incurred through that date.

18. Defendants have represented that there are 115 non-exempt employee and 326 exempt employee Settlement Class Members (*i.e.*, a total of 441 Class Members) during the period from November 6, 2019 through September 6, 2024, who worked a combined 23,298 workweeks during that period. Plaintiff has relied upon these material representations in entering into this MOA. Should the number of Settlement Class Members increase by 10% on a per-person or per-workweek basis, the MSA shall increase by 1% for each percentage increase over that 10% threshold.
19. The Parties and their counsel agree not to take any action to encourage, support, or induce any Settlement Class Members to opt out of and/or object to the Settlement. This includes requiring or asking Class Members to sign any arbitration agreements that purport or could be read to limit a Class Member's right to participate in this Settlement prior to Entry of Judgment and disbursement of the MSA.
20. Defendants expressly deny any liability. Neither this MOA nor the Stipulation of Settlement shall constitute an admission of liability or the accuracy of any allegation made by Plaintiff or his counsel.
21. Neither Defendants nor their counsel shall have any liability for any tax implications related to the receipt of settlement funds herein, including by the claims administrator. Any and all such liability and/or obligations shall be borne solely by the recipients of any funds to be paid by S3 herein, except that in no case shall any Class Member be required to pay, reimburse, or indemnify S3 for any amounts characterized or recharacterized as employer-side tax liabilities. The Parties acknowledge neither Defendants' nor Plaintiff's counsel have provided any tax-related advice whatsoever.
22. Should any disputes arise in negotiating or executing either the MOA or the Parties' subsequent Long Form Agreement, the Parties shall submit such disputes to Judge Peter D. Lichtman (Ret.), who shall have final adjudication over such disputes.

IT IS SO AGREED.

Dated: 20/09/24

PLANTIFF

Paula Norton
Paula Norton (Sep 20, 2024 19:22 CDT)

Paula Norton

Dated: 9/26/24

DEFENDANTS

Mark Melt

Strategic Staffing Solutions-S3, L.L.C.

2024-09-20 MOU (Norton v S3) [final]

Final Audit Report

2024-09-21

Created:	2024-09-20
By:	Xavier Villegas (xavier@xaviervillegaslaw.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAGsCpHWWzIVoljthDMVhEeZa5Wuf9Hk5K

"2024-09-20 MOU (Norton v S3) [final]" History



Document created by Xavier Villegas (xavier@xaviervillegaslaw.com)

2024-09-20 - 11:55:22 PM GMT- IP address: 45.63.55.44



Document emailed to Paula Norton (pnorton7154@gmail.com) for signature

2024-09-20 - 11:55:24 PM GMT



Email viewed by Paula Norton (pnorton7154@gmail.com)

2024-09-20 - 11:55:29 PM GMT- IP address: 74.125.212.65



Document e-signed by Paula Norton (pnorton7154@gmail.com)

Signature Date: 2024-09-21 - 0:22:41 AM GMT - Time Source: server- IP address: 64.15.93.131



Agreement completed.

2024-09-21 - 0:22:41 AM GMT



Adobe Acrobat Sign