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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

COMPLEX CIVIL LITIGATION

STEVEN ERICSON and CHRISTOPHER LOPEZ, individually, and on behalf of the State of California and other aggrieved persons,

Plaintiffs,

v.

TGH EMPLOYEES LLC, a Nevada limited liability company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 37-2024-00001694-CU-OE-CTL

ASSIGNED FOR ALL PURPOSES TO:
Hon. Judy Bae, Dept. C-62

PAGA REPRESENTATIVE ACTION

DECLARATION OF JOHN G. YSLAS IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF PAGA SETTLEMENT

PAGA APPROVAL HEARING
DATE: March 30, 2027
TIME: 9:10 a.m.
DEPT.: C-62

Action Filed: January 11, 2024
Trial Date: None Set

DECLARATION OF JOHN G. YSLAS

I, John G. Yslas, declare as follows:

1. I am an attorney at law licensed to practice before all of the courts of the State of California. I am a senior partner at Wilshire Law Firm, PLC ("WLF" or "PAGA Counsel"), counsel for Plaintiff Steven Ericson ("Plaintiff") in this matter. I am thoroughly familiar with and have personal knowledge of all of the facts set forth herein.

2. I submit this declaration in support of Plaintiff's Motion for Approval of PAGA Settlement.

Relevant Facts and Procedural History

3. On January 11, 2024, Plaintiff, Steven Ericson and Christopher Lopez filed this action as a putative class action against Defendant TGH Employees, LLC ("Defendant" or "TGH") alleging civil penalties pursuant to the Labor Code Private Attorneys General Act of 2004 ("PAGA"). Lab. Code § 2698 *et seq*.

4. Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiffs gave timely written notice on November 7, 2023, to the Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the Labor Code alleged to have been violated, including the facts and theories in support (LWDA-CM-992798-23). Attached hereto as **Exhibit 1** is true and correct copy of the November 7, 2023 PAGA Notice Letter.

5. On or about March 21, 2025, TGH settled the consolidated matters styled as *Burkett and Elliott v. WEHO Hospitality Sunset, LLC et al.* (Los Angeles Superior Court Case No. 23STCV01072) and *Padilla v. Tao Group, LLC et al.* (Los Angeles Superior Court Case Nos. 23STCV21589 and 23STCV270l8) ("*Burkett* Consolidated Actions"). The *Burkett* Consolidated Actions covered a class period of January 17, 2019 to June 10, 2024 and a PAGA period of December 28, 2021 to June 10, 2024 and, based on Lopez's dates of employment with TGH, he was a class and PAGA member in the *Burkett* Consolidated Actions. The deadline to opt out of the *Burkett* Consolidated Actions was September 22, 2025, and Lopez did not opt out by the deadline.

6. Accordingly, pursuant to the Settlement Agreement, Plaintiff Lopez shall be

dismissed from this PAGA Action.

7. Thereafter, the Parties met and conferred and agreed to mediate the PAGA Action with Kelly Knight, Esq., a well-respected and experienced mediator in wage-and-hour class and representative actions. In advance of mediation, PAGA Counsel conducted a thorough investigation into the facts of, and applicable law to, the PAGA Action. Prior to mediation, Plaintiff obtained through informal discovery a representative sampling of time and payroll data for aggrieved employees and the necessary policy documents to properly evaluate the strengths and weaknesses of the claims and engage in meaningful settlement discussions.

8. On August 26, 2025, the Parties engaged in an all-day mediation session. With the help of the mediator, the Parties were able to reach an agreement on general settlement terms at mediation. The settlement was negotiated in light of all known facts and circumstances and the uncertainty associated with litigation – including the risk of Plaintiff not being able to maintain representative claims, the difficulty of proving Plaintiff's claims in a manageable trial, the merits of Defendant's potential defenses, and the significant delay and potential appellate issues inherent to litigation – and was reached after extensive arm's length negotiations, with the assistance of the mediator.

PAGA Settlement

9. The Settlement Agreement negotiated by the Parties provides for a Maximum Settlement Amount ("MSA") payment in the amount of $117,500.00 to resolve the PAGA Action. Settlement Agreement § I.10. The GSA will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees, PAGA Counsel Expenses, the PAGA Representative Service Payment and the Administrator's Expenses. Settlement Agreement § 3.2.1-4. After deducting PAGA Representative Service Payments, PAGA Counsel Fees, PAGA Counsel Litigation Expenses, and Administrator Expenses Payment from the GSA, the amount remaining is the Net Settlement Amount ("NSA"). Settlement Agreement § § I.11. The NSA, which is estimated to be $47,138.06, shall be distributed as PAGA Penalties with 65% of the NSA allocated to the LWDA PAGA Payment and 35% of the NSA allocated to Individual PAGA Payments. Settlement Agreement § 5. Attached hereto as **Exhibit 2** is a true and correct copy of

the PAGA Settlement Agreement.

10. This PAGA Settlement amount compares favorably to the estimated amount of PAGA penalties. Plaintiff calculated that the maximum amount of statutory PAGA civil penalties was potentially $239,000.00 for an estimated 146 employees based on 2,390 pay periods.[1]

Assessment of Amount in Controversy and Risks of Continued Litigation

11. Plaintiff and my firm remain confident of the merits of Plaintiff's claims. Plaintiff's allegations that Defendant failed to pay Plaintiff and the aggrieved employees all of their owed wages is based on Defendant's failure to pay employees for work performed "off-the-clock." With respect to the meal period allegation, Plaintiff alleges that Defendant lacked compliant policies providing meal periods during the PAGA Period. Although Plaintiff contends that this allegation is meritorious, there is risk with this underlying claim, particularly because Defendant issued some meal period premiums to its employees and implemented meal period waivers throughout the covered period. With respect to the rest period allegation, Plaintiff contends that employees, including himself, were not provided with California-compliant rest periods. Again, despite Plaintiff's contention that this allegation is credible, proving rest period allegations is particularly difficult because rest periods do not have to be recorded and Defendant can argue that the aggrieved employees chose to voluntarily forego their rest periods. With respect to the unreimbursed business expenses allegation, Plaintiff alleges that Defendant required him and the other aggrieved employees to use their personal cell phones for work-related purposes (e.g., communicating with supervisors and co-workers) and purchase work-specific uniforms, without reimbursement from Defendant. Defendant disputes this claim. With regard to Plaintiff's wage statement claims, Defendant argues that the wage statements issued to employees meet the requirements of Labor

[1] Stacking is where more than one civil penalty is imposed in a pay period for the same conduct. The valuation of $239,000.00 is the civil penalty amount without stacking. If stacking is permitted, then the valuation increases with each additional penalty added to each pay period. Plaintiff's expert calculated penalties in the amount of $1,169,200.00 with stacking. Courts to consider the issue have refused to "stack" penalties. *See Carrington v. Starbucks Corp*., 30 Cal.App.5th 504 (2018).

Code § 226(a).

12. Plaintiff believed there was a legitimate risk of the Court significantly reducing penalties given the technical nature of the alleged violations. Without this settlement, the Parties face preparation for trial, as well as extensive formal discovery efforts and depositions. As a result, the Parties would incur considerably more attorneys' fees and costs through trial. This settlement avoids those risks and the accompanying expense. Thus, this factor favors settlement approval.

13. My expert determined that there were 2,383 pay periods during the relevant time period which presented issues with regard to unpaid wages, meal period violations, rest period violations, and unreimbursed business expenses. Applying the $100 "initial violation" penalty for each of these pay periods, Defendant's potential PAGA exposure is $239,000.00 (based on 2,390 pay periods). However, Plaintiff discounted this maximum exposure by 40% to account for Defendant's contention that the underlying allegations lacked merit, Defendant's largely compliant policies, Defendant's issuance of meal period premiums to aggrieved employees, Defendant's implementation of meal period waivers throughout the liability period, the relatively modest violation rate for meal periods (2% late meal periods), the risk of not prevailing on the merits, and the Court's discretion in reducing penalties. The estimated realistic total potential recovery is therefore $143,400 ($239,000 x 60%).

14. The proposed Settlement therefore represents approximately 81.9% Plaintiff's reasonably forecasted total recovery of realistic estimated PAGA recovery of $119,500. In this case, continued litigation would delay payment to the LWDA and the aggrieved employees as they await trial and, potentially, appellate proceedings. Furthermore, while Plaintiff is confident in the merits of the case, a legitimate controversy exists as to each of the predicate Labor Code violations. The possibility that the Court finds no liability at the PAGA bench trial is also a risk. In sum, when the risks of litigation, the burdens of proof necessary to establish liability, and the probability of appeal of a favorable judgment are balanced against the merits of Plaintiff's claims, it is clear the settlement amount is fair. Further, because of the proposed Settlement, the aggrieved employees will receive timely, guaranteed relief and will avoid the risk of an unfavorable judgment.

15. If the Court approves the terms of the Settlement, each aggrieved employee's

payment will average approximately $80.71 and approximately $30,639.74[2] will go to the LWDA. In reality, some employees will likely receive more, and others may receive less depending on the length of their employment with Defendant.

Attorneys' Fees and Costs

16. Plaintiff is represented by WLF. The attorneys at WLF performed significant work and expended litigation costs in prosecuting this matter with no guarantee of payment.

17. WLF has been selected by Best Lawyers and U.S. News & World Report as one of the nation's Best Law Firms since 2020 and is comprised of more than 100 attorneys and over 600 employees. WLF is actively and continuously practicing in employment litigation, representing employees in both individual and class actions in both state and federal courts throughout California.

18. WLF is qualified to handle this litigation because its attorneys are experienced in litigating Labor Code violations in individual, class action, and representative action cases. WLF has handled, and is currently handling, numerous wage and hour class action lawsuits, as well as class actions involving consumer rights and data privacy litigation.

19. I graduated from the University of California, Santa Barbara with High Honors in 1991 with Bachelor of Arts degrees in Psychology. I received my Juris Doctor from UCLA Law School in 1996.

20. Upon graduating from law school in 1996, I worked for a boutique law firm practicing general litigation which included employment law matters. Since 2000 (that is, the last 23 years) my practice has been exclusively focused on labor and employment matters including handling wage and hour class, collective and representative actions (including the California Private Attorneys General Act, or "PAGA"), as well as work performed at the international law firms of Morgan, Lewis & Bockius LLP (where I was a senior associate), Foley & Lardner LLP (where I was a partner and a national Vice Chair of the Labor and Employment Group), Norton

[2] The Net Settlement Amount is: $44,932.636 minus $39,166.66 for attorneys' fees, minus $18,400.71 for litigation expenses, minus $10,000.00 for Plaintiff's service award, and minus $5,000.00 in administration costs. This leaves $44,932.63 of which will be paid to the LWDA ($29,206.21), and 35% of which will be paid to the aggrieved employees ($15,726.42).

Rose Fulbright LLP (where I was a partner) and Seyfarth Shaw (where I was a partner and member of the Wage and Hour Practice Group). During my time at these law firms, I was the primary attorney or took a major leading role in defending employers on numerous wage and hour class, collective and representative actions.

21. In late June 2022 I left Seyfarth Shaw LLP and joined my current firm, Wilshire Law Firm, PLC, to represent plaintiff employees. I have been and am handling many wage and hour class and representative actions litigating such matters on behalf of plaintiff employees in numerous Superior Courts and District Courts. Across matters representing both plaintiffs and defendants, I have successfully mediated the resolution of many wage and hour class, collective, and representative actions. Since starting to settle cases in late April 2023 I have already successfully mediated matters in which I have been counsel or co-counsel resulting in **over $300 million** in settlements and verdicts that are in the process of being finalized, and with numerous upcoming mediations scheduled. In these and numerous other matters, I have managed and assisted with the litigation and settlement of many wage and hour PAGA and class actions. In those actions, I performed similar tasks as those performed in the course of prosecuting this action. Indeed, I recently tried and prevailed in achieving a jury verdict in a certified wage and hour class action in the matter of *Aguilar-Flores v. Javier's – CC LLC*, Los Angeles County Superior Court, Case No. 19STCV36438 (settled after verdict).

22. I have received numerous awards for my legal work. For example, from 2015 to 2018, I was listed in Los Angeles Super Lawyers for Employment Litigation (Thomson Reuters) have also served on numerous prominent boards and in other leadership positions, including currently serving as Southern California Regional President for the Hispanic National Bar Association and on the board of directors of the Mexican American Bar Foundation. I also previously served on the five-member Los Angeles Civil Service Commission, which generally oversees the personnel decisions for the City of Angeles.

23. I have also published numerous blogs on labor and employment law issues including on wage and hour issues. For example, I published "Headline News: Wal-Mart v. Dukes-Impact on Class Action Litigation" (while a partner with Foley & Lardner LLP) and "Are You Really

Protected From Wage-and-Hour Successor Liability in an Asset Purchase" (while a partner with Seyfarth Shaw LLP). I have also been a presenter at numerous conferences, including being a presenter involving the "Employment Law Update" at a National Employment Law Council conference. I currently bill at an hourly rate of $1,500.00.

24. William M. Pao is a Junior Partner at WLF. He graduated from the University of Southern California with a double-major in Psychology and Humanities (Emphasis in Theatre Arts) and received his juris doctorate degree from Loyola Law School. Mr. Pao has dedicated his 20-plus year career to plaintiffs' class action litigation. Prior to joining WLF, he worked at various prominent defense firms and a very well-known plaintiffs' boutique class action litigation firm where he recovered more than $100 million in settlements. Mr. Pao's wealth of experience includes successful work on all stages of class action litigation, including class certification motions, and class settlements. He was the principal drafter of a successful and reportable appeal in *Harris v. KM Industrial, Inc*., (2020) 980 F.3d 694 affirming the standards when challenging the amount-in-controversy standard under the Class Action Fairness Act. Mr. Pao has been involved in hundreds of wage-and-hour and Federal Credit Reporting Act class actions and Private Attorneys General Act representative actions throughout the State of California.

25. Matthew R. Baker is an Associate Attorney at WLF. He was admitted to practice law in the State of California in 2019. Mr. Baker graduated from California State University, Northridge with a Bachelor of Science in Political Science. Mr. Baker received his Juris Doctor from California Western School of Law. Since graduating from law school, his practice has been in insurance defense (previously) and employment law (currently.) Mr. Baker's time at WLF has been focused on plaintiff-side wage and hour class action litigation.

26. WLF's hourly rates are comparable to those charged by other class action plaintiffs' counsel and the firms defending class actions. WLF's rates are well within the range of hourly rates that the Los Angeles legal marketplace would compensate counsel for similar services accomplishing similar results. For example, in *Bronshteyn v. State of California*, Los Angeles County Superior Ct. No. 19SMCV00057, Order Granting Plaintiff's Motion for Statutory Attorneys' Fees and Costs filed March 30, 2023, an employment action brought by two small law

firms (Levy, Vinick, Burrell & Hyams LLP and Law Offices of Wendy Musell), the court found that counsel's 2022 hourly rates of $1,100 and $1,000 per hour were reasonable for the plaintiff's five senior attorneys, including $1,000 per hour for the plaintiff's 23-year lead counsel and $850 per hour for a senior associate. These rates were then augmented by a 1.75 lodestar multiplier and affirmed by the California Court of Appeals. The rates (and multiplier) requested here are well in line with those found reasonable in *Bronshteyn*. In *Tran v. Golden State FC LLC*, *et al*. (LASC Case No. BC699931), Fee Order filed 4/8/2022, the court found hourly rates of $1,300 per hour reasonable for plaintiff's 32-year attorney and $1,000 per hour reasonable for a 14-year attorney.

27. WLF has been approved as Class Counsel by courts in California. *See,* e.g., *Matthew Veliz v. DrinkPak, LLC*, Los Angeles County Superior Court, Case No. 22STCV37384, *Ismael Villegas-Sanchez v. COE Orchard Equipment, Inc.*, Sutter County Superior Court, Case No. CVCS22-0002261; *Jessica Bronsal v. PTI Technologies Inc.*, Ventura County Superior Court, Case No. 202200570361CUOE; *Miguel A. Vigil Ruiz v. The De Ruosi Group, LLC*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2022-8780; *Gutierrez v. Top Drawer Merch, LLC et al*, Los Angeles County Superior Court, Case No. 23STCV04299; *Wing v. Road Machinery, LLC et al*, Kern County Superior Court, Case No. BCV-22-102896; *Hernandez v. SGPS Showrig Los Angeles, Inc.*, Los Angeles County Superior Court, Case No. 22STCV28155; *Azevedo v. Tulare Nursing & Rehabilitation Hospital, Inc.*, Tulare County Superior Court, Case No. VCU293325; *Haser v. Universal Chain of California, Inc.*, Sacramento County Superior Court, Case No. 34-2022-00332268; *Caldera v. Performance Online, Inc. et al*, Riverside County Superior Court, Case No. CVRI2306013; *Goosby v. CiminoCare, Inc.*, Sacramento County Superior Court, Case No. 34-2022-00329033; *Rooks v. Hot Cakes Restaurant Group, Inc.*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2022-11056; *Garcia v. Compassionate Heart*, Orange County Superior Court, Case No. 30-2022-01294409-CU-OE-CXC; *Parra v. Citrus Valley Management Services, Inc.*, Riverside County Superior Court, Case No. CVRI2301768; *Torres v. HomeShield Pest Control Inc.*, Placer County Superior Court, Case No. S-CV-0049525; *Cabrera v. Creekside Auto Group*, Santa Clara County Superior Court, Case No. 23CV415661; *Simpson v. Arcos*, Riverside Superior Court, Case No. CVRI2303337; *Payne v. Planned*

Parenthood: Shasta-Diablo, Inc., San Francisco County Superior Court, Case No. CGC-23-607359. The total hours expended on this action are reasonable and in line with those expended in comparable cases.

28. In cases in which WLF has been approved as Class Counsel, California courts have approved rates similar to those requested by WLF in the instant case. *See*, e.g., *Rodolfo Ponce v. Youbar, Inc.*, Los Angeles County Superior Court, Case No. 22STCV37519 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Sabrina N. Batres v. Wish Automotive II, Inc. dba Infiniti of Van Nuys*, Los Angeles County Superior Court, Case No. 23STCV19968 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Diandrea Correa et al. v. CareMeridian, LLC, et. al.,* Los Angeles County Superior Court, Case No. 23STCV10707 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Fawn F. Bekam ($800.00), Diego Aviles ($800.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Carlos Santos Granados v. Sunny Hills Management Co., Inc.,* Los Angeles County Superior Court, Case No. 23STCV02109 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Courtney M. Miller ($650.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Kayla Kurges v. Khanna Enterprises, Ltd. dba Sheraton Agoura Hills,* Los Angeles County Superior Court, Case No. 24STCV01590 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Thora Magney et al. v. Levi Strauss & Co., et al.*, Los Angeles County Superior Court, Case No. 24STCV02320 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Fawn F. Bekam ($800.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Armando*

Muniz, et al. v. Lot LLC, dba Lot Management LLC (fka Red Cow, Inc.) et. al., Los Angeles County Superior Court, Case No. 22STCV32901 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *George Munoz v. Century West, LLC dba Century West BMW*, Los Angeles County Superior Court, Case No. 23STCV04247 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Ivan S. Martinez II et. al. v. The Haar Company, et. al.,* Los Angeles County Superior Court, Case No. 23STCV21651 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)).

29. In support of the reasonableness of WLF's hourly rates, attached as **Exhibit 3** is a true and correct excerpt from the *2025 Real Rate Report* published by Wolters Kluwer. The Real Rate Report is widely relied upon in the legal industry because it is derived from anonymized billing data taken from actual law firm invoices that were submitted to clients and approved for payment, rather than from voluntary surveys or self-reported rates. Although the report refers to "2025" rates, the data reflects rates charged by law firms during the first half of 2024 and therefore represents the most recent available objective evidence of prevailing market rates.

a. The report provides rate information filtered by geographic market, practice type, and timekeeper role. Page 33 of the report reflects rates drawn from 565 partners and 518 associates practicing in Los Angeles. In that dataset, the third-quartile hourly rate is $1,365 for partners and $982 for associates. These figures confirm that Los Angeles is a high-rate legal market and that experienced litigation partners routinely bill in excess of $1,300 per hour based on rates actually paid by clients in 2024. The Real Rate Report further shows that in the San Diego market, partners with 21 or more years of experience command third-quartile billing rates of approximately $1,334 per hour, confirming that highly experienced litigators in

major Southern California markets routinely bill at the upper end of the rate spectrum.

b. The 2025 Real Rate Report's practice-area-specific data further supports this conclusion. Page 81 provides third-quartile rates for the detailed practice category "Employment and Labor: Other Litigation," which is directly analogous to the type of work performed in this case. That dataset includes 24 partners and 14 associates and shows a third-quartile rate of $1,252 per hour for partners and $564 per hour for associates. These figures demonstrate that even within the specialized employment litigation market, partners regularly bill well above $1,200 per hour based on rates actually charged to clients. When this practice-specific benchmark is considered together with the broader regional market data, it confirms that WLF's hourly rate for highly experienced counsel in a representative employment action falls within the upper range of prevailing market rates rather than outside it.

c. The Real Rate Report does not provide 1st quartile or 4th quartile rates, presumably to provide a sense of the average attorney billing rates. Importantly, the third quartile represents the point below which 75% of rates fall; it is not a cap on reasonable rates. By definition, a substantial portion of partners in the relevant benchmark market routinely bill above that level, particularly those with extensive experience, specialized expertise, or leadership roles in complex litigation. Courts evaluating fee requests recognize that leading counsel in complex or representative actions may reasonably bill above median or third-quartile benchmarks where their experience, results obtained, and responsibilities justify higher rates. We firmly believe WLF belongs in the 4th quartile of attorney billing rates in Southern California. As previously discussed, WLF is a nationally recognized employment litigation firm that has been named one of the nation's *Best Law Firms* by U.S. News & World Report and Best Lawyers since 2020, and its attorneys regularly litigate complex wage-and-hour class and representative actions throughout California. I am a UCLA School of Law graduate with nearly three decades of experience litigating labor and employment matters—including as a partner and holding leadership roles at major international law firms when I was on the defense side for 26 years, as well as substantial recent class and representative action results including being one of the few attorneys in the state of California to try a wage and hour class action to verdict (and prevail),

and achieving results exceeding $225 million in just the last three years since starting to settle matters as a plaintiffs' attorney. My credentials and experience place my $1,500 hourly rate within the highest tier of Southern California employment litigators, consistent with rates that would fall within the fourth quartile beyond those reported in the Real Rate Report.

30. In an article entitled "Big Law Rates Topping $2,000 Leave Value 'In Eye of Beholder,'" written by Roy Strom and published by Bloomberg Law on June 9, 2022, the author describes how Big Law firms have crossed the $2,000-per hour rate. The article also notes that law firm rates have been increasing by just under 3% per year. A true and correct copy of this article is attached hereto as **Exhibit 4**.

31. WLF has performed significant work and incurred litigation costs in prosecuting this matter with no guarantee of any payment. The efforts expended by PAGA Counsel to achieve this result include, but are not limited to, the following:

a. The investigation of the matter, including meeting with Plaintiff, reviewing Defendants' policies, and requesting and reviewing Plaintiff's time and pay records, personnel files, and exploring the corporate structure of Defendants;

b. filing the Action;

c. attending status conferences and meeting and conferring with Defendants regarding the case;

d. meeting and conferring with Defendants regarding mediation, exchange of informal discovery beforehand, and negotiating with opposing counsel regarding the parameters thereof;

e. selecting a mediator and mediation date;

f. working with opposing counsel and expert consultants for the receipt of a representative sampling and analyzing the same with the aid of expert consultants and Plaintiff to perform analyses of liability and exposure prior to attendance of the mediation in this matter;

g. reviewing policy documents from Defendants and researching applicable defenses;

h. preparation of the mediation brief and damages model for use at mediation;

i. attendance at the mediations by all Parties and Counsel;

j. communicating with Plaintiff;

k. negotiating, finalizing and fully executing the settlement agreement; and

l. preparing and filing the instant Motion for Approval of PAGA Settlement and supporting documents.

32. WLF's current lodestar reflects the efficiencies achieved by attorneys experienced in this field with 75.1 hours of work resulting in $83,450.00 in fees. The chart below shows the calculation of hours spent by each of WLF's attorneys on this case:

Attorney	**Hours**	**Hourly Rate**	**Total**
John G. Yslas	16.7	$1,500.00	$25,050.00
William M. Pao	58.4	$1,000.00	$58,400.00
TOTAL	**75.1**		**$83,450.00**

33. This amount surpasses the requested fee award of $39,166.66, resulting in a negative multiplier. This amount does not include the time PAGA Counsel will spend at the PAGA approval hearing and assisting the Settlement Administrator following final approval. PAGA Counsel dedicated significant resources to this case by dividing the tasks required according to skill level. The hours expended by each attorney were not duplicative and reflect the extensive investigation and analysis that was required to achieve this Settlement. This time could have been spent on other potentially lucrative cases. PAGA Counsel's lodestar reflects the efficiencies achieved by attorneys experienced in this field. Moreover, PAGA Counsel has singularly assumed the risk and costs of litigation purely on a contingency basis. And, while Plaintiff is confident in the merits of his claims, a legitimate controversy exists as to each cause of action, posing an actual risk that Plaintiff may not succeed at trial. Any of these obstacles could have prevented recovery completely, meaning PAGA Counsel would have been left with no compensation for all the time and money invested in litigating this case. Despite these risks, PAGA Counsel took this case on a contingency basis so that aggrieved employees (a particularly vulnerable group of hourly paid workers) could be compensated for their unpaid wages.

Consequently, PAGA Counsel was precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain.

34. The Court should also consider that PAGA Counsel's efforts have resulted in substantial benefits to the State of California and the aggrieved employees, in the form of a significant, non-reversionary settlement fund established to compensate the State of California and the aggrieved employees and to punish Defendant for the alleged PAGA violations. Without the efforts of PAGA Counsel, the claims alleged in the complaint would likely have gone without remedy.

35. In litigation costs, WLF has incurred $18,400.71 at this time in expenses on items such as filing fees, service fees, mediation fees, and expert fees. All the costs incurred were reasonable and necessary for the prosecution of this case. The Settlement provides for reimbursement of costs not to exceed $40,000.00. Settlement Agreement § III.4. The remaining $21,599.29 will therefore revert to the NSA to be distributed as PAGA Penalties to the LWDA and aggrieved employees. A true and correct copy of WLF's cost reports in this matter is attached hereto as **Exhibit 5**.

36. PAGA Counsel has negotiated a settlement here that they believe is fair, reasonable, and adequate based on their prior experience litigating these types of cases.

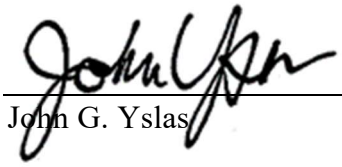
37. Pursuant to California Labor Code Section 2699(s)(1), Plaintiff submitted a copy of the PAGA Complaint to the LWDA on November 7, 2023. Attached hereto as **Exhibit 6** is a true and correct copy of the submission confirmation for the PAGA Complaint. Pursuant to California Labor Code Section 2699(s)(2), Plaintiff submitted the proposed Settlement Agreement to the LWDA on October 29, 2026. Attached hereto as **Exhibit 7** is a true and correct copy of the submission confirmation for the proposed Settlement Agreement. To date, the LWDA has not responded to or objected to the Settlement in this matter. Plaintiff will submit a copy of the Court's judgment and order approving the Settlement Agreement to the LWDA within ten (10) days after entry of judgment or order.

38. WLF has no actual or potential conflict of interest with the aggrieved employees in this PAGA Action or with the Settlement Administrator that the Parties agreed to appoint, ILYM

Group, Inc.

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

Executed on October 30, 2026, at Los Angeles, California.



John G. Yslas

EXHIBIT 1

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Jesse Chen, Esq.

November 7, 2023

LWDA
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(*Via Online Submission*)

Tao Group Hospitality
2 Pennsylvania Plaza, 19th Fl.
New York, NY 10121
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6362 4793 99

TGH Employees LLC
8395 W. Sunset Rd., Ste. 200
Las Vegas, NV 89113
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6362 4846 21

CSC – Lawyers Incorporating Service
Agent for Service of Process
TGH Employees LLC
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Sacramento, CA 95833
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6498 8515 19

LAVO Italian Restaurant
9201 Sunset Blvd., Ste. 100
West Hollywood, CA 90069
(*Via Certified Mail, Return Receipt Requested*)
#9489 0090 0027 6362 4846 38

Re: ***Steven Ericson and Christopher Lopez v. TGH Employees, et al.***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Steven Ericson and Christopher Lopez ("Employees") to pursue a Labor Code Private Attorneys General Act of 2004 ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against their former employers, TGH Employees LLC dba Tao Group Hospitality and LAVO Italian Restaurant (including any and all affiliates, subsidiaries, parents, directors, officers, agents, and executive employees) (collectively referred to as "Employers"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Employers engaged in with respect to Employees and some or potentially all of Employers' Aggrieved Employees.

Employees wish to pursue this action on behalf of Employees as Aggrieved Employees, on behalf of the State of California, as well as on behalf of some or potentially all other persons who worked for Employers in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

Employees and the Aggrieved Employees, or some of them, suffered the Labor Code violations described below.

Employees' Employment with TGH Employees, et al.

Employers are a hospitality company. Employees worked as food servers and bartenders. Their primary job functions included serving food and drink orders. In performing their duties, Employees were regularly required to perform work (off-the-clock), without compensation. Due high workloads, Employees were also frequently deprived of an opportunity to take legally compliant meal and rest breaks. Moreover, Employers failed to provide Employees and other Aggrieved Employees with the meal and rest break premiums as required by the Labor Code. Additionally, Employees were expected to and did incur business-related expenses, but Employers failed to reimburse such business-related expenses. These are just non-exhaustive examples of the facts and theories the Employees assert, which are described in more detail below.

Employers own/owned and operate/operated an industry, business, and establishment within the State of California. As such, and based upon all the facts and circumstances incident to Employers' business in California, Employers are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Employee Steven Ericson is a resident of San Diego, California who worked for Employers in San Diego County, California as an hourly-paid, non-exempt employee from approximately May 2022 to approximately December 2022.

Employee Christopher Lopez is a resident of Los Angeles, California who worked for Employers in Los Angeles County, California as an hourly-paid, non-exempt employee from approximately February 2023 to approximately March 2023.

During their employment for Employers, Employers paid Employees an hourly wage and classified them as non-exempt from overtime. Employers typically scheduled Employees to work at least five days in a workweek and at least eight hours per day, but Employees also worked more than eight hours in a workday and more than forty (40) hours in a workweek.

Throughout Employees' employment, Employers failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Employees with legally compliant meal periods, failed to authorize and permit Employees to take rest periods, failed to timely pay all final wages to Employees when Employers terminated Employees' employment, failed to furnish accurate wage statements to Employees, failed to indemnify Employees for business expenditures, and failed to timely produce Employees' requested employment records. As discussed below, Employees' experience working for Employers was typical and illustrative.

Failure to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their

regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Employers at times failed to pay Employees and the Aggrieved Employees, or some of them, for all hours worked, including minimum, straight time, and overtime wages. Employers at times required Employees and the Aggrieved Employees, or some of them, to work "off-the-clock," uncompensated, by, for example, requiring Employees and the Aggrieved Employees to perform work during uncompensated meal periods and rest periods, and requiring Employees and the Aggrieved Employees to perform work before clocking in and/or after clocking out. Some of this unpaid work should have been paid at the overtime rate. California Labor Code § 510 requires that employers compensate employees 1.5 times their regular rate of pay when employees work over eight hours per day, 40 hours per week, or when employees work up to eight hours on any seventh day of a workweek. Employer at times failed to properly calculate Employees' regular rate of pay when paying overtime, by failing to include all compensation in Employees' overtime calculations. In failing to pay for all hours worked, Employers also failed to maintain accurate records of the hours Employees and the Aggrieved Employees, or some of them, worked.

Throughout the statutory period, Employers also engaged, at times, in a practice of improper rounding. Under *Camp v. Home Depot U.S.A., Inc.* (2022) 84 Cal.App.5th 638, because Employers could and did track the exact time in minutes that Employees worked, they must pay for all time worked. When an employer uses an electronic timekeeping system to record time worked, this ability to "precisely capture time worked" means that "the employer must pay the employee for that worktime when due." (*Id*. at 671.) As a result of Employers' rounding policy, Employees consistently were not compensated at least minimum wage for all hours that Employees worked.

As a result, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s). Despite these legal requirements, Employers at times wrongfully failed to provide Employees and the Aggrieved Employees, or some of them, with their legally mandated 30-minute, uninterrupted, and duty-free meal period in a manner required by law (and also including but not limited to failing at times to provide Plaintiff, the Class, and the Aggrieved Employees, or some of them, the opportunity to leave the work premises to take meal periods). Employers also continued to assert control over Employees and the Aggrieved Employees, or some of them, by, among other things, requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Employees and the Aggrieved Employees, or some of them, permission to take a meal period under the conditions required by law, and without properly compensating Employees and the Aggrieved Employees, or some of them, for meal periods that were not provided as required by law. Employers also did not inform Employees of their right to, nor permitted them to take, all of Employees' second meal periods when they worked at least ten hours of work in a workday and

otherwise unlawfully pressured Employees to waive such breaks. Accordingly, Employers at times failed to provide meal periods to Employees and the Aggrieved Employees, or some of them, in compliance with California law.

Employees and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s). Employers, however, at times failed to pay Employees and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for meal periods that were not provided.

As a result, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e., more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Throughout the statutory period, Employers at times have wrongfully failed to authorize and permit Employees and the Aggrieved Employees, or some of them, to take legally compliant rest periods in a manner required by law (and also including but not limited to failing, at times, to authorize and permit Plaintiff, the Class, and the Aggrieved Employees, or some of them, the opportunity to leave the work premises to take rest periods). Employers at times required Employees and the Aggrieved Employees, or some of them, to work in excess of four consecutive hours a day without Employers authorizing and permitting Employees to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Employees and the Aggrieved Employees, or some of them, for rest periods that were not authorized or permitted. Instead, Employers at times continued to assert control over Employees and the Aggrieved Employees, or some of them, by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Employees and the Aggrieved Employees, or some of them, permission to take a rest period. Accordingly, Employers at times failed to authorize and permit Employees and the Aggrieved Employees, or some of them, to take rest periods in compliance with California law.

Employees and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday they were not authorized and permitted to take all required rest period(s). Employers, however, at times failed to pay Employees and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for rest periods that they were not authorized and permitted to take.

As a result, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

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Failure to Pay All Earned Wages Twice Per Month

Based on Employers' failure at times to pay Employees and the Aggrieved Employees, or some of them, for all wages as discussed above, Employers also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, at times, Employers failed and refused to pay the Employees all wages due, and failed to pay those wages twice a month, in that Employees were not paid all wages for all meal periods not provided by Employers, all wages for all rest periods not authorized and permitted by Employers, and all wages for all hours worked. As a result, Employers owe Employees the legally required wages for unpaid wages, and Employees and the Aggrieved Employees, or some of them, suffered damages in those amounts.

Moreover, Employers are liable to Employees and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Employees seek penalties under California Labor Code § 1174(d). Pursuant to California Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by California Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Employers, however, at times failed to maintain accurate records of hours worked and all meal periods taken or missed by Employees and the Aggrieved Employees, or some of them.

Employers' failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Employees and the Aggrieved Employees, or some of them, the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Employers' records. Therefore, Employees and the Aggrieved Employees, or some of them, had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Employers. As a direct result, Employees and the Aggrieved Employees, or some of them, have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorneys' fees in seeking to compel Employers to fully perform their obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Employers' knowing failure, at times, to comply with the California Labor Code and applicable IWC Wage Orders, Employees and the Aggrieved Employees, or some of them, have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later

than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.
Within the applicable statute of limitations, the employment of Employees and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Employers at times failed, and continue at times to fail to pay Employees and terminated Aggrieved Employees, or some of them, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Employers' employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal period premium wages, and missed rest period premium wages.

Employers' conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Employees and the Aggrieved Employees, or some of them, are entitled to recover from Employers their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to thirty (30) days maximum pursuant to Labor Code § 203.

Moreover, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: "An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars ($50) for the initial pay period in which a violation occurs and one hundred dollars ($100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars ($4,000), and is entitled to an award of costs and reasonable attorney's fees." (Lab. Code § 226(e)(1).)

Throughout the statutory period, Employers at times failed to, and continue at times to fail, to timely furnish Employees and the Aggrieved Employees, or some of them, with accurate, itemized

wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law).

Because Employers at times violated Labor Code § 226, Employees and similarly Aggrieved Employees, or some of them, suffered injury and damage to their statutorily protected rights. Accordingly, Employees and similarly Aggrieved Employees, or some of them, are entitled to recover from Employers the greater of their actual damages caused by Employers' failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee. Moreover, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 226.3 for failing to timely furnish accurate itemized wage statements.

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify their employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Employers at times wrongfully required Employees and the Aggrieved Employees, or some of them, to pay expenses that they incurred in direct discharge of their duties for Employers. Employees and the Aggrieved Employees, or some of them, at times paid out-of-pocket for necessary employment-related expenses. Employees and the Aggrieved Employees, or some of them, incurred substantial expenses as a direct result of performing their job duties for Employers, but Employers failed to indemnify Employees and the Aggrieved Employees for these employment-related expenses.

As a result, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Employees and the Aggrieved Employees, or some of them, for necessary business expenditures.

Failure to Produce Requested Employment Records

Labor Code § 226 provides that current and former employees have the right to inspect or receive a copy of their records pertaining to their employment, upon reasonable request to their employer. Under this statute, an employer that receives a request to inspect or receive a copy of records pertaining to a current or former employee must comply with the request as soon as practicable, but no later than twenty-one (21) calendar days from the date of the request. Labor Code § 1198.5(a) also provides that every current and former employee, or his or her representative, has the right to inspect and receive a copy of the personnel records that the employer maintains relating to the employees' performance or to any grievance concerning the employee. Under this statute, upon written request from a current or former employee or his or her representative, an employer must make the contents of those personnel records available for inspection or provide a copy of the personnel records to the current or former employee, or his or her representative, not later than thirty (30) calendar days from the date the employer receives the written request, subject to some limited exceptions. Labor Code § 432 provides that if an employee or applicant signs any instrument relating to the obtaining or holding of employment, he or she shall be given a copy of the instrument upon request. On information and belief, Employees and the Aggrieved Employees, or some of them, submitted written request(s) to Employers for their payroll records, timecards, and personnel records but did not timely receive them as required by the Labor Code.

As a result, Employers are liable to Employees and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 226(f), 1198.5(k), and 2699 for failing to timely produce the requested records.

Recordkeeping Requirement Violations

California Labor Code section 1174 requires employers to keep "accurate and complete" payroll records showing, among other things, the hours worked daily by Employees and Aggrieved Employees. All applicable IWC Wage Orders, section 7 similarly requires employers to keep accurate time records reflecting the times during which all owed meal periods were provided each day.

Based on information and belief, Employers at times failed, and continue at times to fail, to keep accurate and complete payroll records as required by law, including but not limited to the following records: total daily hours worked, applicable rates of pay, time records showing when Employees and other Aggrieved Employees began and ended each work period, time records of meal periods, and accurate itemized wage statements.

Based on information and belief, Employers at times failed and continue at times to fail to keep accurate and complete records showing total hours worked by Employees and Aggrieved Employees, or some of them, by virtue of Employers' time rounding and/or auto deduction policies and practices and/or other off-the-clock work policies and practices.

Employers at times failed and continue at times to fail to keep accurate and complete records showing total hours worked by virtue of Employers' failure to relieve Employees and Aggrieved Employees, or some of them, of all duties and Employers' control for unpaid meal periods, resulting in unpaid hours worked.

Based on information and belief, Employers further failed at times, and continue at times to fail, to record the true start and end times of Employees' and Aggrieved Employees' meal periods, or some of them.

Based on further information and belief, Employers further failed at times and continue at times to fail, to record the true start and end times of Employees' and Aggrieved Employees' work shifts, or some of them.

Additionally, Employers at times failed, and continue at times to fail to keep accurate records and issue accurate wage statements by not documenting accrued sick time for Employees and Aggrieved Employees, or some of them.
Employers' failure to keep "accurate and complete" payroll records for Employees and Aggrieved Employees, or some of them, violates Labor Code sections 1174, 1198, 1199, and all applicable IWC Wage Orders, section 7. These violations subject Employers to civil penalties under Labor Code sections 558.1, 226.6, 1174.5 and 2699. Each violation of each Labor Code section and Wage Order provision, for each Aggrieved Employees (or some of them), results in a separate civil penalty.[1]

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[1] See Lab. Code §2699(f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Violation of Wage Theft Protection Act of 2011

Based on information and belief, Employers failed at times, and continue at times to fail, to comply with the notice requirements of Labor Code section 2810.5 (*i.e.*, the Wage Theft Protection Act of 2011) by, among other things, failing to provide Employees and Aggrieved Employees, or some of them, with the rates of pay and overtime rates of pay applicable to their employment, allowances claimed as part of the minimum wage, the regular payday designated by Employers, the name of the employer, including any "doing business as" names used, the name, address and telephone number of the workers' compensation insurance carrier, information regarding paid sick leave, and other pertinent information required to be disclosed by Employers under Labor Code section 2810.5. Employees are informed and believe that failure to provide such information, including rates of pay that are in effect, has permitted Employers to pay Aggrieved Employees, or some of them, at rates of pay that were not agreed upon and violate minimum wage and overtime wage laws in California. Employees are additionally informed and believe that the notice requirement of Labor Code section 2810.5 involves a mandatory payroll or workplace injury reporting. Among other relief, Aggrieved Employees, or some of them, may collect from Employers in connection with these violations' civil penalties pursuant to Labor Code sections 558 and 2699.

Violation of California Labor Code §§ 245-248.5

Throughout the relevant time period, Employers at times failed to provide proper paid sick leave to Employees and other Aggrieved Employees, or some of them. Employers either failed at times to provide paid sick leave at all or improperly calculated the sick leave accrual and the sick leave rate of pay owed to Employees and other Aggrieved Employees, or some of them, by failing at times to base the accrued sick leave hours on the correct number of hours worked (as a result of the rounding/automatic deduction policies and practices for meal periods and/or shift start and end times/other required off-the-clock work including but not limited to unpaid meal periods that were restricted to Employers' premises) and by failing to incorporate multiple rates of pay and/or all non-discretionary remuneration, including but not limited to, non-discretionary bonuses, shift differential pay and/or other non-discretionary compensation into the sick leave pay rate calculation.

Based on information and belief, Employers further failed to provide notice of the correct sick leave amount balance available to Employees and other Aggrieved Employees on their wage statements or other written statement.

Based on information and belief, Employers failed to put NON-EXEMPT AGGRIEVED on notice of their paid sick leave rights—or thereby putting their entitlement to sick leave in a Labor Code section 2810.5 notice. In addition, Employers failed to maintain accurate records of used sick leave and the balance of paid sick leave left to the NON-EXEMPT AGGRIEVED EMPLOYEE throughout the relevant time period.

Based on information and belief, throughout the relevant period, Employers failed to provide notice of sick leave amount balance left for Employees and other Aggrieved Employees, thus affecting their intelligent exercise of their paid sick leave. But for this failure, Employees and other Aggrieved Employees would have used their paid sick leave at least prior to their respective separations, for as on several occasions thereafter, he or she would have been entitled to use the banked sick leave and earn appropriate compensation.

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This illegal retention of paid sick leave is unlawful, and Employees seek all forms of injunctive relief, restitution, and declaratory relief as permitted by California law, on behalf of Employees and all Aggrieved Employees.

In violation of Labor Code section 247.5, Employers failed to maintain records documenting the hours worked and paid sick days accrued and used by Employees and all Aggrieved Employees, permitting the presumption that Employees and all Aggrieved Employees were entitled to the maximum number of hours accruable under this article.

Upon information and belief, Employers further failed and continue to fail to comply with Labor Code section 246, by failing to provide Employees and all Aggrieved Employees with a Labor Code section 226 wage statement, or separate writing containing the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, at the time it pays wages.

Employers unlawfully retained and continue to retain paid sick leave that should have been paid but was not, as a result of Employers' failure to properly institute a paid sick leave program.

On information and belief, Employees allege that all of these practices were experienced and continue to be experienced by other Aggrieved Employees.

Employees request all appropriate relief under the PAGA and these statutes, including but not limited to the restitution of earned paid sick leave that could have been used, but was not due to Employers' sole failure to institute such a paid sick leave entitlement or paid sick leave bank as required by California law.

Accordingly, Employees and other Aggrieved Employees are entitled to injunctive relief, attorney's fees, declaratory relief, restitution, and penalties as permitted by law. Employees request all relief pursuant to the aforementioned code provisions, including but not limited to Labor Code sections 233 and 234, which incorporates the paid sick leave requirements.

Failure To Provide Supplemental Paid Sick Leave

Labor Code section 248.2 provides that all employers with 26 or more employees are required to provide up to 80 hours for covered employees to take 2021 COVID-19 Supplemental Paid Sick Leave to care for themselves, to care for a family member or if it is vaccine-related. Based on information and belief, Employers violated Labor Code section 248.2 by not providing Aggrieved Employees with required 2021 COVID-19 Supplemental Paid Sick Leave.

Refusal to Make Payment

Labor Code section 216 declares unlawful an employer's refusal to pay wages due and payable and/or denial of the validity of any claim to wages due.

Employers violated and continue to violate Labor Code section 216 by failing to pay Employees and all Aggrieved Employees for all hours worked at the proper wage rate and by failing to pay Employee and all Aggrieved Employees an additional hour of pay for each meal and/or rest period not provided or that was invalid. *Gould v. Maryland Sound Industries, Inc.* (1995) 31 Cal.App.4th 1137, 1154-1155.

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These violations subject Employers to civil penalties under Labor Code section 225.5. Each violation results in a *separate* civil penalty, for each NON-EXEMPT AGGRIEVED EMPLOYEE, for each pay period during which the statute's provisions were violated.[2]

Seating Violations

Per section 14(A-B) of all applicable IWC Wage Orders, employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats and when they are not actively engaged in the work duties that would not permit them to be seated.

All applicable IWC Wage Orders, Section 14(A-B) provides:

> (A) All working employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats.
>
> (B) When employees are not engaged in the active duties of their employment and the nature of the work requires standing, an adequate number of suitable seats shall be placed in reasonable proximity to the work area and employees shall be permitted to use such seats when it does not interfere with the performance of their duties.

Suitable seating is one of the worker protections covered by California's Wage Orders, which have the same dignity as statutes, are remedial in nature and are to be broadly construed to effectuate the goal of protecting the comfort and welfare of employees. *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004, 1027 (2012).

Based on information and belief, Employers failed to provide Aggrieved Employees with suitable seating, and when such employees were not engaged in duties which required them to stand, no seating was placed in reasonable proximity to their workstations.

Moreover, based on information and belief, the nature of the work reasonably permitted the use of seats for at least part of the time that Aggrieved Employees were working. Lastly, based on information and belief, there were periods of time when Aggrieved Employees were not engaged in active duties of their employment, yet there were no suitable seats in reasonable proximity to the work area and use of seats would not interfere with the performance of their duties.

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[2] Labor Code § 225.5 (establishing that "[i]n addition to, and entirely independent and apart from, any other penalty provided in this article, every person who unlawfully withholds wages due any employee in violation of sections 212, 216, 221, 222, or 223 shall be subject to a civil penalty…for each failure to pay each employee") (emphasis added).

Employers' Aggrieved Employees worked in various positions. The nature of Employees' and other Aggrieved Employees' work reasonably permitted the use of seats. However, Employers failed to provide suitable seating in reasonable proximity to Aggrieved Employees' work areas in violation of section 14(A-B) of all applicable Wage Orders, and Labor Code sections 1198 and 1199, subjecting Employers to civil penalties under Labor Code sections 1199 and 2699. Each violation of each Labor Code section and IWC Wage Order provision, for each NON-EXEMPT AGGRIEVED EMPLOYEE, results in a separate civil penalty.[3]

Statutory Wage Violations

Labor Code section 223 makes it unlawful for an employer to secretly pay wages lower than required by statute while purporting to pay legal wages.

As described above, Employers willfully and systematically denied Employees and other Aggrieved Employees of minimum and overtime wage compensation for all hours worked which resulted in the payment of less than statutorily required wages owed to them. Employers acted with the intent to deprive them of statutory wages, including, but not limited to, overtime wages and minimum wages, to which they were entitled to under California law.

Thus, Employers paid Employees and other Aggrieved Employees lower wages than those they were entitled to while purporting that Employees and all Aggrieved Employees were properly paid. As such, Employees and all Aggrieved Employees are entitled to recover penalties, attorney's fees, costs, and interest thereon, pursuant to Labor Code § 2699(f)-(g).

Failure to Pay Vested Vacation/Paid Time Off

California Labor Code section 227.3 provides that when an employer policy provides for paid vacations and/or paid time off, and an employee is terminated without having taken off his, her, or their vested vacation time, all vested vacation shall be paid to the employee as wages at the employee's final rate in accordance with such contract of employment or employer policy respecting eligibility or time served and that there shall be no forfeiture of vested vacation time or paid time off upon termination. Based on information and belief, Employers had and continue to have a uniform policy and practice of failing to allow Aggrieved Employees and Exempt Aggrieved Employees to use their earned vacation/paid time off during their employment and failing to pay all vested, accrued paid time off to Aggrieved Employees and/or Exempt Aggrieved Employees upon separation of employment, in violation of California law, including but not limited to, Labor Code section 227.3.

Failure to Timely Provide Temporary Workers with Owed Wages

On information and believe, Employers had and have a policy of failing to provide all temporary workers with owed wages weekly by not later than the regular payday of the following week. As a result, pursuant to Labor Code section 201.3, Employers would be liable for civil penalties pursuant to Labor Code sections 201.3.

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[3] See Lab. Code §2699(f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Unlawful Agreements/ Unlawful Criminal History Inquiries

Unlawful Agreements
Labor Code section 432.5 provides that "no employer … shall require any employee or applicant for employment to agree, in writing, to any term or condition which is known by such employer … to be prohibited by law." Based on information and belief, Employers required Employees, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to unlawful conditions of employment including but not limited to, unlawful non-compete and/or non-solicitation agreements as well as unlawful criminal and/or financial checks as a condition of obtaining and/or continuing employment in violation of Labor Code section 432.5.

The California Labor Code places certain procedural and substantive limits on employers' ability to conduct employee background checks and on how employers can use the information they obtain through those background checks. Labor Code section 1024.5 states that employers, except for financial institutions, may order a credit check only if the individual works (or is applying to work) in certain positions (e.g., managerial positions, financially related positions, and certain government positions). Additionally, the Investigative Consumer Reporting Agencies Act (ICRAA - CA Civil Code section 1786, *et seq*.) and the Fair Credit Reporting Act (FCRA - 15 U.S.C. section 1681, *et seq.)* mandate several requirements prior to and following an employee background check, including but not limited to identifying an appropriate reason for the background check, a separate consent form with required disclosures and certain formatting requirements, additional forms such as a summary of rights, a way by which to request a copy of the report, as well as proper notice of adverse actions taken, among other statutory requirements.

Based on information and belief, Employers ordered unlawful financial credit checks on Aggrieved Employees and Exempt Aggrieved Employees, in violation of Labor Code section 1024.5, and required Aggrieved Employees and Exempt Aggrieved Employees to provide ongoing written consent to the unlawful credit checks as a condition of employment, in violation of California and Federal law, which results in a further violation of Labor Code section 432.5.

Based on information and belief, Employers also required Aggrieved Employees and Exempt Aggrieved Employees to submit and/or agree to submit in writing to unlawful criminal background checks as a condition of obtaining and/or holding employment in violation of the ICRAA and the FCRA. For example, based on information and belief, Employers required Employees to submit and/or agree to submit in writing to an unlawful background check as a condition of obtaining and/or holding employment in violation of, including but not limited to, Labor Code section 432.5.

Based on information and belief, Employers required Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to a background check which failed to abide by the requirements set forth in CA Civil Code section 1786, *et seq*. and 15 U.S.C. section 1681, *et seq*., including but not limited to by failing to provide a clear and conspicuous disclosure (and/or failing to provide any disclosure at all), failing to provide disclosures free of extraneous information, failing to provide a lawful purpose for the background check, failing to provide a summary of rights under the ICRAA and/or the FRCA, failing to provide a way by which the individual could request a copy of the report, failing to disclose the name, address, and telephone number of the third party preparing the report, and failing to properly obtain authorization or consent to such a background check, and thus was an unlawful background check.

By requiring Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to unlawful criminal and/or financial checks not in conformance with the applicable laws, Employers violated Labor Code section 432.5.

Based on information and belief, Employers also required Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to provide ongoing consent to Employers to conduct background checks throughout the duration of employment, in violation of the ICRAA and/or FCRA and/or other applicable laws, resulting in a further violation of Labor Code section 432.5, by requiring applicants and employees to agree to an unlawful provision as a condition of employment.

Based on further information and belief, Employers knew that requiring Aggrieved Employees and Exempt Aggrieved Employees to agree to unlawful criminal and/or financial background checks as a condition of obtaining and/or holding employment was unlawful.

By requiring Aggrieved Employees and Exempt Aggrieved Employees agree in writing to unlawful provisions as a condition of employment, Employers violated Labor Code section 432.5.

Unlawful Inquires into Criminal History

Labor Code section 432.7 prohibits an employer from asking applicants about past arrest(s) unless they resulted in conviction(s) and even then, certain limitations apply. Based on information and belief, Employers asked Aggrieved Employees, and Exempt Aggrieved Employees about arrests not resulting in convictions on their employment application, in violation of California law.

Upon information and belief, Employers, in violation of California law, including but not limited to the Fair Chance Act/the California Fair Employment and Housing Act ("FEHA"), asked Aggrieved Employees and Exempt Aggrieved Employees about convictions prior to extending an offer of employment and/or otherwise impermissibly inquired into criminal history on their employment application in violation of California law.

By asking about arrests not resulting in convictions, Employers violated Labor Code section 432.7. By asking about convictions at the application phase or prior to extending an employment offer, Employers violated California's Fair Chance Act, and thereby violated Labor Code section 432.5 by unlawfully requiring Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to disclose arrests and/or convictions as a condition of employment.

Unlawful PAGA Waiver

Additionally, Employers violated Labor Code section 432.5 by requiring Employees, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to other unlawful agreements, including but not limited to, an unlawful waiver of PAGA and or representative actions as a condition of employment.

An action pursuant to PAGA '"…is a representative action on behalf of the state'" *Kim v Reins Int'l California, Inc.,* (2020) 9 Cal. 5th 73, 86-87. It is well settled that agreements purporting to waive an employee's right to a trial of PAGA claims is contrary to California law and unenforceable. *See Iskanian v CLS Transportation Los Angeles, LLC* (2014) 59 Cal. 4th 348, 384 ("We conclude that where, as here, an employment agreement compels the waiver of representative claims under the PAGA, it is contrary to public policy and unenforceable as a matter of state law.")

Moreover, the California Supreme Court has ruled that a court cannot compel arbitration of an aggrieved employee's individual PAGA claim because there is no such thing as an individual PAGA claim. *Kim v Reins Int'l California, Inc.,* (2020) 9 Cal. 5th 73, 86-87 ("There is no individual component to a PAGA action because 'every PAGA action … is a representative action on behalf of the state.'")

Upon information and belief, Employers required Employees, Aggrieved Employees and Exempt Aggrieved Employees to agree in writing to waive their right to a trial of PAGA claims in violation of California law. By requiring Employees, Aggrieved Employees and Exempt Aggrieved Employees to agree, in writing, to an unlawful PAGA waiver, Employers required written agreement to an unlawful provision as a condition of employment which is a violation of labor code section 432.5.

As such, Employees, Aggrieved Employees and Exempt Aggrieved Employees continue to be subject to various unlawful provisions as a condition of employment.

Preventing Employees from Using or Disclosing Skills, Knowledge, and Experience

On information and belief, Employers had and have a policy or practice of preventing Employees and/or other Aggrieved Employees from using or disclosing the skills, knowledge, and experience they obtained at Employers for purposes of competing with Employers, including, without limitation, preventing Employees from disclosing their wages in negotiating a new job with a prospective employer, and from disclosing who else works at Employers and under what circumstances they might be receptive to an offer from a rival employer. As such, Employees are informed and believe that this violates Business and Professions Code sections 17200, 16600 and 16700, and, by virtue thereof, various provisions of the Labor Code, including Labor Code sections 232, 232.5, and 1197.5, subdivision (k). Employers would be liable for civil penalties pursuant to Labor Code section 2699.

Whistleblower Violations

On information and belief, Employers had and have a policy or practice of preventing Employees and/or other Aggrieved Employees from disclosing violations of state and federal law, either within Employers to their managers or outside Employers to private attorneys or government officials, among others, in violation of Business and Professions Code section 17200, and, thus, in violation of Labor Code section 1102.5. In addition, Employees are informed and believe that these policies and/or practices prevent Employees and/or other Aggrieved Employees from disclosing information about unsafe or discriminatory working conditions, or about wage and hour violations in violation of Labor Code sections 98.6, 232, and 232.5. These violations of the Labor Code would expose Employers to liability for civil penalties pursuant to Labor Code section 2699.

Workplace Health and Safety Violations

On information and belief, Employers had and have a policy or practice of failing to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations and processes which are reasonably adequate to render such employment and place of employment safe and healthful, pursuant to, including but not limited to, Labor Code section 6401. Employees are informed and believe, and based thereon allege that Employers had and have a policy or practice of requiring or permitting employees to go or be in any employment or place of employment which is not safe and healthful, pursuant to Labor Code section 6402. Employees are informed and believe, and based thereon allege that Employers had and have a policy or practice of failing or neglecting to: provide and use safety devices and safeguards reasonably adequate to render the employment and place of employment safe; adopt and use methods and processes reasonably adequate to render the employment and place of employment safe; and do every other thing reasonably necessary to protect the life, safety, and health of employees, pursuant to Labor Code section 6403. Employees are informed and believe, and based thereon allege that these

failures include, without limitation, failing to disinfect time clocks and other surfaces after use by Employees and/or other Aggrieved Employees; failing to provide adequate protection equipment to Employees and/or other Aggrieved Employees; and failing to provide adequate distance in working conditions between Employees and/or other Aggrieved Employees.

On information and belief, Employers violated section 1527, 3366, 3457 and 8397.4 by failing to provide adequate and readily accessible sanitation facilities; a regular schedule for servicing, cleaning, and supplying each facility to ensure it is maintained in a clean, sanitary and serviceable condition; an adequate supply of suitable cleansing agents, water, single-use towels or blowers; and a sufficient number of toilets to be used by each sex of employee.

Action for Civil Penalties Under PAGA

In light of the above, Employees allege that Employers violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code §§ 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 204 by failing to pay all earned wages two times per month;
5. California Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements;
8. Labor Code § 2802 by failing to indemnify for necessary expenditures;
9. Labor Code §§ 226, 432, and 1198.5 by failing to timely produce requested payroll records, timecards, and personnel records;
10. Labor Code § 1174 by failing to keep accurate and complete payroll records;
11. Labor Code §§ 245-248.5 by failing to provide proper sick leave and supplemental paid sick leave;
12. Labor Code § 216 for refusal to pay wages due and payable and/or denial of the validity of any claim to wages due;
13. Labor Code § 223 for secretly paying wages lower than required by statute while purporting to pay legal wages;
14. Labor Code § 227.3 for failure to pay vested vacation and/or paid time off;
15. Section 14(A-B) of all applicable IWC Wage Orders for failure to provide suitable seating;
16. Labor Code § 432.5 for unlawful agreements;
17. Labor Code § 201.3 for failure to timely provide temporary workers with wages;

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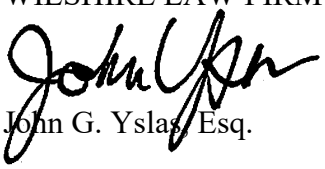
18. Labor Code §§ 98.6, 232, 232.5, 1102.5, and 1197.5 for preventing employees from using or disclosing the skills, knowledge and experience they obtained at Employers, and whistleblower violations;
19. Labor Code § 432.7 for unlawful inquiries into criminal histories; and
20. Labor Code §§ 1527, 3366, 3457, 8397.4, 6401, and 6401 for workplace health and safety violations.

Therefore, on behalf of potentially all Aggrieved Employees, Employees seek applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699.

Employees have placed Employers on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

WILSHIRE LAW FIRM



John G. Yslas, Esq.

EXHIBIT 2

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SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement") is made and entered into between STEVEN ERICSON (acting in a private attorney general capacity) ("Plaintiffs"), on the one hand, and TGH EMPLOYEES LLC ("TGH"), on the other hand.

I. DEFINITIONS

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

1. "Alleged Aggrieved Employees" consists of all non-exempt hourly paid individuals who were employed by TGH at the LAVO Ristorante in San Diego, California and who worked one or more shifts during the PAGA Period from November 7, 2022 through March 29, 2024. The number of Alleged Aggrieved Employees, including Plaintiffs, is estimated to be 146 individuals and the number of pay periods from November 7, 2022 through March 29, 2024 worked by any and all Alleged Aggrieved Employees is estimated to be 2,383.

2. "Court" means the Superior Court of California for the County of San Diego.

3. "TGH" means Defendant TGH Employees LLC.

4. "TGH's Counsel" means Hazel U. Poei and Jane J. Kim of Jackson Lewis P.C.

5. "Effective Date" means the later of the following: (a) if no timely objections are filed or if all objections are withdrawn, the date upon which the Court enters an order approving the Settlement; (b) if an objection is filed and not withdrawn, the date when the time for filing an appeal has expired and no appeal was filed; or (c) if any timely appeals are filed, the date of the resolution (or withdrawal) of any such appeal in a way that does not materially alter the terms of the Settlement.

6. "Plaintiffs" means Plaintiffs Steven Ericson and Christopher Lopez.

7. "Plaintiffs' Counsel" means John G. Yslas and William M. Pao of Wilshire Law Firm, PLC.

8. "Individual PAGA Payment" means the amount to be paid to each Alleged Aggrieved Employee based on the formula described herein.

9. "LWDA" means the Labor and Workforce Development Agency.

10. "Maximum Settlement Amount" is the non-reversionary sum of $117,500.00 which represents the total amount payable under this Settlement by TGH, including, without limitation, payments to all Alleged Aggrieved Employees, payment to the LWDA, payment to the Settlement Administrator, and payment of Plaintiffs' Counsel's attorneys' fees and costs.

11. "Net Settlement Amount" is the amount remaining to distribute to the LWDA and Alleged Aggrieved Employees after the following amounts (if approved by the Court) are subtracted from the Maximum Settlement Amount: (a) Plaintiffs' attorneys' fees up to one-third of the Maximum Settlement Amount; (b) reimbursements to Plaintiffs' Counsel for litigation costs;

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(c) $10,000.00 to Plaintiff Ericson as a "Service Payment"; and (d) the cost of a Settlement Administrator.

12. "PAGA" means the Private Attorneys General Act, California Labor Code § 2698, *et seq.*

13. "PAGA Notice" or "Notice" means Plaintiffs' Counsel's correspondence to the Labor and Workforce Development Agency ("LWDA Notice") dated November 7, 2023.

14. "PAGA Action" or "Action" means the Complaint entitled *Ericson et al. v. TGH Employees LLC et al.,* San Diego Superior Court Case No. 37-2024-00001694, filed on January 11, 2024.

15. "PAGA Notice" means Plaintiffs' November 7, 2023 letter to the LWDA, providing notice pursuant to Labor Code § 2699.3(a).

16. "PAGA Period" means the time period November 7, 2022 through March 29, 2024.

17. "PAGA Released Claims" means any and all claims whether suspected or unsuspected, contingent or accrued, known or unknown, that have been pled or could have been pled under state, federal or local law, whether statutory, common law or administrative, arising out of or related to allegations set forth in Plaintiffs' PAGA Notice and Plaintiffs' PAGA Action. These include claims for civil penalties under PAGA for TGH's alleged failure to pay for all time worked at correct rates of pay, including minimum wages, straight time wages, and overtime compensation; failure to provide meal periods and pay meal period premiums; failure to authorize and permit rest periods and pay rest period premiums; failure to timely pay wages during employment; failure to pay all wages due to discharged and quitting employees; failure to provide accurate itemized wage statements; failure to maintain accurate records; failure to reimburse necessary expenditures; failure to produce personnel records; violations of California Labor Code §§ 201, 202, 203, 204, 226, 226.3, 233, 246, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 2800, and 2802; violations of Wage Order Nos. 1, 4 and/or 7; interest; fees, including fees under Code of Civil Procedure § 1021.5; costs, and all other claims and allegations for civil penalties under PAGA made or which could have been made in the PAGA Action based on the facts and allegations pled in Plaintiffs' PAGA Notice and Plaintiffs' PAGA Action. The claims released pursuant to the PAGA Released Claims shall be binding on the Alleged Aggrieved Employees and, to the maximum extent possible permitted by law, the State of California and the LWDA. Alleged Aggrieved Employees shall have no right to object to or opt out of the PAGA Released Claims or any portion of the Settlement pertaining to the PAGA Released Claims.

18. "Parties" means, collectively, Plaintiff Steven Ericson and Defendant TGH Employees LLC.

19. "Released Parties" means TGH and its respective heirs, executors, administrators, successors, assignees, parents, subsidiaries and related entities, owners, officers, directors, shareholders, employees, agents, servants, representatives, independent contractors, members, attorneys, insurers, re-insurers, assigns, and affiliates, and any and all other entities with whom it has been, are now, or may hereafter be affiliated, and any of its affiliated companies, predecessors, successors and assigns, as well as its past or present officers, directors, agents, representatives, attorneys, insurers, re-insurers, assigns, or employees.

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

II. RECITALS

1. On November 7, 2023, Plaintiffs provided written notice to the LWDA and TGH asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the Labor Code described in the PAGA Action.

2. On January 11, 2024, Plaintiffs and their counsel filed the PAGA Action. In their PAGA Action, Plaintiffs allege one cause of action under PAGA for the following alleged violations under the Labor Code: (a) failure to pay all wages; (b) failure to provide meal breaks; (c) failure to provide rest breaks; (d) failure to pay all wages due and owing each pay period; (e) failure to provide accurate wage statements; (f) waiting time penalties; (g) failure to reimburse business expenses; (h) failure to keep accurate and complete payroll records; and (i) failure to produce personnel records.

3. The Parties have conducted a thorough investigation into the facts of the PAGA Action. This includes exchanging extensive data and information as well as documents relating to the underlying alleged violations.

4. On August 26, 2025, the Parties participated in mediation with Kelly Knight ("Mediator Knight"), a well-regarded mediator experienced in mediating complex labor and employment matters. With the assistance of Mediator Knight, the Parties agreed to fully and finally resolve and settle the PAGA Action.

III. TERMS OF THE SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission**. Nothing in this Settlement shall be construed to be an admission by Plaintiffs that their claims do not have merit or by TGH of any liability or wrongdoing as to Plaintiffs, Alleged Aggrieved Employees or any other person, and TGH specifically disclaims any such liability or wrongdoing. The Parties have entered into this Settlement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses and risks. This Settlement and any related court documents or orders are not and may not be cited or admitted as evidence of liability.

2. **Funding of Maximum Settlement Amount**. TGH shall pay $117,500.00 as the non-reversionary Maximum Settlement Amount. TGH will not pay more than the Maximum Settlement Amount. The Maximum Settlement Amount shall be deposited in an interest-bearing account set up by the Settlement Administrator and funded within forty-five (45) days of the Effective Date.

3. **Pay Periods**. The Parties agree that if, as of the close of the PAGA Period, the total number of pay periods worked by Alleged Aggrieved Employees exceeds 10% of the estimated number of pay periods worked as of the date of the mediation (i.e., if there are more than 2,621 pay periods worked by the Alleged Aggrieved Employees during the PAGA Period), then either (a) the Maximum Settlement Amount will be increased by the same proportion above 10%

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using the Pay Period Value ($44.83); or (b) TGH, at its sole discretion, may elect to select an earlier end date for the PAGA Period such that the total pay periods worked by Alleged Aggrieved Employees during the PAGA Period does not exceed 2,621. The Pay Period Value shall be calculated by dividing the Maximum Settlement Amount by the estimate of pay periods at issue, meaning that the Parties agree that the Pay Period Value shall be $44.83. 44.83($117,500.00/2,621 pay periods.) Thus, for example, if the pay periods worked by Alleged Aggrieved Employees during the PAGA Period amount to 3,000 pay periods, TGH may choose either that (i) the Maximum Settlement Amount to be paid will be increased by $16,990.57 (379 pay periods x $44.83); or (ii) the PAGA Period will end on the date on which 2,621 pay periods are reached.

4. **Plaintiffs' Counsel's Attorneys' Fees and Costs**. TGH will not oppose Plaintiffs' Counsel's request for attorneys' fees in the amount of up to one-third of the Maximum Settlement Amount and costs incurred in prosecuting this PAGA Action, up to $40,000.00. In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount (although Plaintiffs may appeal an order granting less than the full amount sought for attorneys' fees and costs). TGH will report these payments on IRS Form 1099 issued to Plaintiffs' Counsel.

5. **Allocation of Net Settlement Amount**. The Net Settlement Amount shall be designated as "2699 Civil Penalties" and shall be distributed 65% to the LWDA and 35% to Alleged Aggrieved Employees, pursuant to Lab. Code § 2699(i). The 35% portion to be paid to Alleged Aggrieved Employees shall be paid on a pro rata basis based on the number of pay periods worked by each Alleged Aggrieved Employee during the PAGA Period.

6. **Dismissal of Plaintiff Lopez**.

a. On or about March 21, 2025, TGH settled the consolidated matters styled as *Burkett and Elliott v. WEHO Hospitality Sunset, LLC et al.* (Los Angeles Superior Court Case No. 23STCV01072) and *Padilla v. Tao Group, LLC et al.* (Los Angeles Superior Court Case Nos. 23STCV21589 and 23 STCV27018)("*Burkett* Consolidated Actions");

b. The *Burkett* Consolidated Actions covered a class period of January 17, 2019 to June 10, 2024 and a PAGA period of December 28, 2021 to June 10, 2024 and, based on Lopez's dates of employment with TGH, he was a class and PAGA member in the *Burkett* Consolidated Actions;

c. The deadline to opt out of the *Burkett* Consolidated Actions was September 22, 2025, and Lopez did not opt out by the deadline;

d. Accordingly, Lopez shall be dismissed from the PAGA Action.

7. **Releases of Claims.** Effective upon entry of Judgment, the Court's Order granting Approval of this Settlement, and on the date when TGH fully funds the entire Maximum Settlement Amount, Plaintiff Ericson, Alleged Aggrieved Employees, Plaintiffs' Counsel, and, to the maximum extent possible permitted by law, the State of California and the LWDA will release claims against all Released Parties as follows:

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a. Upon receipt of the settlement sums described in Section 3 above, Ericson, individually and on behalf of Ericson's heirs, executors, administrators, representatives, attorneys, successors, and assigns knowingly and voluntarily releases and forever discharges the Released Parties, to the full extent permitted by law, of and from any and all claims, known and unknown, asserted and unasserted, which Ericson has or may have against the Released Parties including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974 ("ERISA") (as modified below);
- The Immigration Reform and Control Act;
- The Americans with Disabilities Act of 1990;
- The Workers Adjustment and Retraining Notification Act;
- The Occupational Safety and Health Act;
- The Sarbanes-Oxley Act of 2002;
- The Fair Credit Reporting Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Genetic Information Nondiscrimination Act of 2008;
- California Family Rights Act – Cal. Gov't Code § 12945.2;
- California Fair Employment and Housing Act – Cal. Gov't Code § 12900 et seq.;
- California Unruh Civil Rights Act – Cal. Civ. Code § 51 et seq.;
- Statutory Provisions Regarding the Confidentiality of AIDS Information – Cal. Health & Safety Code § 120775 et seq.;
- California Confidentiality of Medical Information Act – Cal. Civ. Code § 56 et seq.;
- California Parental Leave Law – Cal. Lab. Code § 230.7 et seq.;
- California Military Personnel Bias Law – Cal. Mil. & Vet. Code § 394;

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- The California Occupational Safety and Health Act, as amended, and any applicable regulations thereunder;
- The California Consumer Credit Reporting Agencies Act – Cal. Civ. Code § 1785 et seq.
- California Investigative Consumer Reporting Agencies Act – Cal. Civ. Code § 1786 et seq.;
- Those provisions of the California Labor Code that lawfully may be released;
- Any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance;
- Any public policy, contract, tort or common law; or
- Any basis for recovering costs, fees or other expenses including attorneys' fees incurred in these matters.

b. **Claims Not Released.** Ericson is not waiving any rights Ericson may have to: (i) Ericson's own vested accrued employee benefits under TGH's health, welfare, or retirement benefits plans as of the date of execution of this Settlement Agreement (if any); (ii) benefits or rights to seek benefits under applicable workers' compensation (except as to claims under Labor Code §§ 132a and 4553) or unemployment insurance or indemnification statutes; (iii) pursue claims which by law cannot be waived by signing this Settlement Agreement; (iv) enforce this Settlement Agreement; or (v) challenge the validity of this Settlement Agreement.

c. **Release by Plaintiff Ericson.** To effect a full and complete general release as described above, the Parties expressly waive and relinquish all rights and benefits of § 1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance and consequence of specifically waiving § 1542. Section 1542 of the Civil Code of the State of California states as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Thus, notwithstanding the provisions of § 1542, and to implement a full and complete release and discharge of the Released Parties, Ericson expressly acknowledges this Settlement Agreement is intended to include in its effect, without limitation, all claims Ericson does not know or suspect to exist in Ericson's favor at the time of signing this Settlement Agreement, and that this Settlement Agreement contemplates the extinguishment of any such claims. Ericson warrants Ericson has read this Settlement Agreement, including this waiver of Civil Code § 1542, and that Ericson has consulted with or had the opportunity to consult with counsel of Ericson's choosing about this Settlement Agreement and specifically about the waiver of § 1542, and that Ericson understands this Settlement Agreement and the § 1542 waiver, and so Ericson freely and knowingly enters into this Settlement Agreement. Ericson further acknowledges that Ericson later may discover facts

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different from or in addition to those Ericson now knows or believes to be true regarding the matters released or described in this Settlement Agreement, and even so Ericson agrees that the releases and agreements contained in this Settlement Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. Ericson expressly assumes any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies released or described in this Settlement Agreement or with regard to any facts now unknown to Ericson relating thereto.

d. **Government Agencies.** Nothing in this Settlement Agreement prohibits, prevents, or otherwise limits Ericson from filing a charge or complaint with or participating, testifying, or assisting in any investigation, hearing, action, or other proceeding before any federal, state, or local government agency (*e.g.*, EEOC, NLRB, SEC, CRD, DLSE, *etc.*) or in any legislative or judicial proceeding, nor does anything in this Settlement Agreement preclude, prohibit, or otherwise limit, in any way, Ericson's rights and abilities to contact, communicate with, or report unlawful conduct to federal, state, or local officials for investigation, or otherwise participate in any whistleblower program administered by any such agencies. However, to the maximum extent permitted by law and expressly excluding Ericson's participation in any federal whistleblower programs, Ericson agrees that if such an administrative claim is made, Ericson shall not be entitled to recover any individual monetary relief or other individual remedies.

e. **Collective/Class Action Waiver.** If any claim is not subject to release, to the extent permitted by law, Ericson waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective, or multi-party action or proceeding based on such a claim in which TGH, or any of the other Released Parties, is a party (other than the present action).

f. **Affirmations.** Ericson affirms that Ericson has not filed or caused to be filed any claim, complaint, or action against any of the Released Parties in any forum or form, other than the PAGA Notice and the PAGA Action, and that Ericson presently is not a party to any claim, complaint, or action against any of the Released Parties in any forum or form, other than the PAGA Action. Nothing in this Settlement Agreement or the acknowledgements and affirmations in this Section is intended to impair Ericson's rights under whistleblower laws or cause Ericson to disclose Ericson's participation in any governmental whistleblower program or any whistleblowing statute(s) or regulation(s) allowing for anonymity.

g. Ericson further affirms that Ericson has no known workplace injuries or occupational diseases.

h. **Medicare Secondary Payer Rules**. As a term of this Settlement Agreement, the Parties have fully considered Medicare's interests pursuant to the Medicare Secondary Payer rules. In doing so, Ericson affirms that as of the date Ericson executes this Settlement Agreement, Ericson is not Medicare eligible (*i.e.*, is not 65 years of age or older; is not suffering from end-stage renal failure; has not received Social Security Disability Insurance benefits for 24 months or longer, *etc.*). Nonetheless, if the Centers for Medicare & Medicaid Services (the "CMS") (this term includes any related agency representing Medicare's interests) determines that Medicare has an interest in the payment to Ericson under this Settlement Agreement, Ericson agrees to (i) indemnify, defend, and hold the Released Parties harmless from any action by the CMS relating to medical expenses of Ericson, (ii) reasonably cooperate with the

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Released Parties upon request with respect to any information needed to satisfy the reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, if applicable, and any claim that the CMS may make and for which Ericson is required to indemnify the Released Parties under this paragraph, and (iii) waive any and all future actions against the Released Parties for any private cause of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A).

i. **Release by Alleged Aggrieved Employees**. For the duration of the PAGA Period, all Alleged Aggrieved Employees, including Plaintiff Ericson, and, to the fullest extent permitted by law, the State of California and the LWDA, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all PAGA Released Claims and agree they are no longer eligible to assert any alleged "aggrieved" status during the PAGA Period. Alleged Aggrieved Employees shall have no right to object or opt out to the PAGA Released Claims or any portion of the Settlement pertaining to the PAGA Released Claims.

j. **Release by Plaintiffs' Counsel**. Plaintiffs' Counsel releases on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for Plaintiffs' Counsel's attorneys' fees and costs incurred in connection with the PAGA Action and the PAGA Period facts stated in the PAGA Action and the PAGA Notice.

8. **Covenants and Representations by Plaintiffs and Plaintiffs' Counsel**.

a. Plaintiffs represent and warrant that they have not assigned or transferred or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement.

b. Plaintiffs acknowledge that they have read this Settlement, that they fully understand their rights, privileges and duties under the Settlement, and enter into this Settlement freely and voluntarily. Plaintiffs further acknowledge that they had the opportunity to consult with their attorneys to explain the terms of this Settlement and the consequences of signing this Settlement.

9. **Confidentiality**. Except as provided below, and excepting to the extent necessary to effectuate the Settlement or as required by the Court, Plaintiffs and Plaintiffs' Counsel will keep the terms of this Settlement confidential. Neither Plaintiffs nor Plaintiffs' Counsel shall issue a press release, hold a press conference, publish information about the Settlement on any website or through any social media or otherwise publicize the Settlement or communicate its terms in public or in private, unless ordered by the Court. If contacted by the media or third parties (except for Alleged Aggrieved Employees and the Settlement Administrator), Plaintiffs and Plaintiffs' Counsel will only discuss information publicly available. Plaintiffs' Counsel will take all steps necessary to ensure Plaintiffs are aware of, and will encourage them to adhere to, the restriction against initiating any media comment. Plaintiffs' Counsel further agrees not to use the Settlement or any of its terms for any marketing or promotional purposes. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiffs' Counsel may reference the PAGA Action by name and case number in a declaration establishing adequacy as class or representative counsel.

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To permit judicial review and approval of the PAGA Payment, as required by Labor Code § 2698 *et seq.*, Plaintiffs' Counsel will file the Settlement with the Court and submit the Settlement to the LWDA as part of the Parties' request for Court approval of the Settlement, per Labor Code § 2699(*l*)(2).

10. **Duty to Support and Defend the Settlement**. The Parties agree to abide by all of the terms of this Agreement in good faith and to support the Settlement fully and to use their best efforts to defend this Settlement from any legal challenge, whether by appeal or collateral attack.

11. **Termination of Settlement**. If the Court does not approve the Settlement, if the Court does not enter judgment as provided for in this Settlement, or if appellate review is sought and, on such review, the Court's decision is materially modified or reversed, or if one or more of the terms of the Settlement is not approved or is materially modified or reversed or found to be invalid, then either of the Parties shall have the right within ten (10) calendar days of written notice thereof to elect to terminate the Settlement, in which case the Settlement shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Settlement.

12. **Order**. As part of the Motion to approve the Settlement, Plaintiffs' Counsel shall submit a proposed order by which the Court approves the terms of the Settlement and retains jurisdiction over the PAGA Action for the purpose of enforcing the terms of the Settlement following approval of the Settlement. This Settlement is expressly conditioned upon the Court entering the order as set forth herein.

13. **No Admission**. In entering into this Settlement, TGH does not admit, and specifically denies, the allegations in the PAGA Action, that it violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees. Neither this Settlement, nor any of its terms or provisions, nor any of the negotiations connected with it, will be construed as an admission or concession by TGH of any such violations or failures to comply with any applicable law.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator**. The Parties agree that ILYM Group, Inc. will manage the administration of this Settlement ("Settlement Administrator") and that their costs are estimated to be no more than $5,000.00.

2. **Provision of Information Regarding Alleged Aggrieved Employees**. TGH will in good faith compile from its records a list of Alleged Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Alleged Aggrieved Employee's full name, last known mailing address, start date(s) of employment, end date(s) of employment, and Social Security numbers.

Within fifteen (15) days of the Effective Date, TGH will circulate the spreadsheet to the Settlement Administrator for purposes of calculating Individual PAGA Payments and mailing.

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3. **Explanatory Letter and Individual PAGA Payments**. The Settlement Administrator will include copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit A,** along with Individual PAGA Payments to all Alleged Aggrieved Employees via regular First-Class U.S. Mail. The explanatory letter and Individual PAGA Payments will be mailed to Alleged Aggrieved Employees by the Settlement Administrator as soon as practicable after the Effective Date and after receipt of a spreadsheet from TGH with sufficient information to allow payments to be made.

The amount to be received by each Alleged Aggrieved Employee will be based on the formula set forth in Section III.5., *supra*. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed penalties and reported using IRS Form 1099.

4. **Undeliverable Notices**. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Alleged Aggrieved Employee.

Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other search using the name, address or Social Security number of the Alleged Aggrieved Employee involved and will perform a single re-mailing.

TGH fully discharges its obligations to those Alleged Aggrieved Employees to whom it will pay Individual PAGA Payments through the mailing of a check, regardless of whether such checks are actually received and/or negotiated by Alleged Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance, will be tendered to the California State Controller's Office in the name of the aggrieved employee whose check it belongs in the names of the Alleged Aggrieved Employees to whom the checks were issued.

5. **Payment of Remainder**. Within forty-five (45) calendar days of the Effective Date, the Settlement Administrator will distribute the following additional payments: (1) the 65% share of 2699 Civil Penalties to the LWDA and (2) Court-approved attorneys' fees and costs to Plaintiffs' Counsel.

6. **Accounting**. Within five (5) business days after mailing the Individual PAGA Payments and the additional payments to the LWDA and the Settlement Administrator, the Settlement Administrator will provide an accounting under oath to Plaintiffs' Counsel and to TGH's Counsel of the amounts paid from the Settlement.

7. **Tax Consequences and Circular 230 Disclaimer**. Individual PAGA Payments made under this Settlement will be attributed 100% as penalties and interest and paid via IRS Form 1099 issued to each Alleged Aggrieved Employee. Neither Plaintiffs nor TGH, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement. Plaintiffs and the Alleged Aggrieved Employees are not relying on any statement, representation, or calculation by TGH or by the Settlement Administrator in this regard. Alleged Aggrieved Employees understand and agree that they shall be responsible for the payment of all taxes and penalties assessed on the payments specified herein, and shall hold the Parties, Plaintiffs' Counsel and TGH's Counsel free and harmless from and against any claims

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resulting from treatment of such payments as non-taxable, including the treatment of such payments as not subject to withholding or deduction for payroll and employment taxes.

EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

V. MISCELLANEOUS PROVISIONS

1. **Drafting**. The Parties agree that the terms and conditions of this Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Plaintiffs nor TGH shall be considered the "drafter" of this Settlement for purposes of having terms construed against that Party.

2. **Successors**. This Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators and successors.

3. **Costs and Fees**. The Parties shall each bear their own costs, attorneys' fees, mediator fees and other fees incurred in connection with this Settlement and the PAGA Action, except as specifically set forth in Section V.15.

4. **Governing Law**. This Settlement shall be construed under and governed by the laws of the State of California. All questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Settlement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Settlement, it shall be brought in the State of California.

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5. **Complete Agreement**. The Parties each acknowledge and represent that no promise or representation relating to the subject of this Settlement not contained in this Settlement has been made to them and acknowledge and represent that this Settlement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the PAGA Released Claims. This Settlement cannot be amended or modified except by a writing signed by the Parties hereto.

6. **Nullification of Settlement**. In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their original respective positions. However, notwithstanding the foregoing, the Parties agree to cooperate in addressing any Court concerns regarding the Settlement, and if necessary, meet and confer with respect to any amendments to this Agreement or supplemental briefings to address Court concerns.

7. **Judgment and Continued Jurisdiction**. After approval of this Settlement, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

8. **Amendment or Modification**. This Settlement may be amended or modified only by a written instrument, signed by all Parties or their successors-in-interest or counsel for all Parties, and approved by the Court.

9. **Authorization to Enter into Settlement**. Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Settlement. The Parties and their counsel will cooperate with each other and use their best efforts to effectuate the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

10. **Execution and Counterparts**. This Settlement is subject to the execution of all Parties. However, the Settlement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument.

11. **Acknowledgement that the Settlement is Fair and Reasonable**. The Parties believe this Settlement is a fair, adequate and reasonable settlement of the PAGA Action, and have arrived at this Settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

12. **Invalidity of Any Provision**. Before declaring any provision of this Settlement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible

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consistent with applicable precedents, so as to define all provisions of this Settlement as valid and enforceable.

13. **Severability**. If any term or provision of this Settlement is held to be invalid or unenforceable, the remaining portions of this Settlement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Settlement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

14. **Waiver**. No waiver of any condition or covenant contained in this Settlement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right or remedy.

15. **Enforcement Action**. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

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

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

18. **Cooperation and Execution of Necessary Documents**. All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement.

19. **Stay of Litigation**. The Parties agree that upon the execution of this Settlement the PAGA Action shall be stayed, except to effectuate the terms of this Settlement.

20. **Binding Agreement**. The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

21. **No Prior Assignments**. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action or right released and discharged by the Party in this Settlement.

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22. **No Third-Party Beneficiaries**. Plaintiffs, Alleged Aggrieved Employees, the State of California and the LWDA, Plaintiffs' Counsel, and TGH are direct beneficiaries of this Agreement, and there are no third-party beneficiaries.

23. **Settlement Binding on Successors**. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

24. **Use and Return of Data**. Information provided to Plaintiffs' Counsel pursuant to Evidence Code § 1152, and all copies and summaries of data provided to Plaintiffs' Counsel by TGH in connection with the mediation, other settlement negotiations or in connection with the Settlement, may be used only with respect to this Settlement and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs and Plaintiffs' Counsel shall destroy all paper and electronic versions of data received from TGH unless, prior to the Court's discharge of the Administrator's obligation, TGH makes a written request to Plaintiffs' Counsel for the return, rather than the destruction, of data.

25. **Denial of Liability**. 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 TGH. 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 course of this PAGA 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 Court proceeding 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.

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IN WITNESS THEREOF, the Parties each acknowledge that they have read the foregoing Settlement, accept and agree to the provisions contained in this Settlement and hereby execute it voluntarily and with full understanding of its consequences.

Dated: 3/31/2026

STEVEN ERICSON

DocuSigned by:

By: _____
92A76FF88057468...
Steven Ericson

Dated: 5-13-26

TGH EMPLOYEES LLC

Deanna Brinkerhoff

By: Deanna Brinkerhoff

Its: VP, Legal & Business Affairs

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COURT APPROVED NOTICE OF SETTLEMENT
Ericson et al. v. TGH Employees LLC et al.
San Diego Superior Court Case No. 37-2024-00001694

The Superior Court for the State of California authorized this Notice.
Read it Carefully! It's not junk mail, spam, an advertisement, or solicitation by a lawyer.
You are not being sued.

You may be eligible to receive money from an employee lawsuit ("Action") against Defendant TGH Employees LLC ("TGH"). The Action was filed by former employees of TGH, Steven Ericson ("Ericson") and Christopher Lopez ("Lopez")(collectively, "Plaintiffs"), and allege one cause of action under the Private Attorneys General Act of 2004, California Labor Code §§ 2698 *et seq*. ("PAGA") for the following alleged violations under the Labor Code: (a) failure to pay all wages; (b) failure to provide meal breaks; (c) failure to provide rest breaks; (d) failure to pay all wages due and owing each pay period; (e) failure to provide accurate wage statements; (f) waiting time penalties; (g) failure to reimburse business expenses; (h) failure to keep accurate and complete payroll records; and (i) failure to produce personnel records.

The group of allegedly aggrieved employees Plaintiffs seek to represent is comprised of all non-exempt hourly employees who worked for TGH at the LAVO Ristorante in San Diego, California ("PAGA Members") during the PAGA Period (November 7, 2022 through March 29, 2024). TGH vigorously denies the claims in the Action and contends that at all times it fully complied with all applicable laws.

The proposed Settlement is a PAGA Settlement requiring TGH to fund individual PAGA Payments and pay penalties to the Labor and Workforce Development Agency ("LWDA").

Based on TGH's records, and the Parties' current assumptions, **your Individual PAGA Payment is estimated to be $_____.** The actual amount you may receive likely will be different and will depend on a number of factors.

The above estimates are based on TGH's records showing that **you worked _____ pay periods** during the PAGA Period.

The Court has approved the proposed Settlement and approved this Notice. Your legal rights are affected whether you act or do not act. Read this notice carefully. You will be deemed to have carefully read and understood it. At the hearing, the Court will decide whether to approve the Settlement and how much of the Settlement will be paid to Plaintiff Ericson and Plaintiffs' attorneys ("PAGA Counsel"). The Court will also decide whether to enter a judgment that requires TGH to make payments under the Settlement and requires PAGA Members to give up their rights to assert certain claims against TGH.

If you worked for TGH during the PAGA Period, you don't have to do anything to participate in the proposed Settlement and be eligible for an Individual PAGA Payment. You cannot opt-out of or object to the PAGA Settlement.

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1. WHAT IS THE ACTION ABOUT?

Plaintiffs are former employees of TGH. Plaintiffs allege one cause of action under the Private Attorneys General Act of 2004, Labor Code §§ 2698 et seq. ("PAGA") for the following alleged violations under the Labor Code: (a) failure to pay all wages; (b) failure to provide meal breaks; (c) failure to provide rest breaks; (d) failure to pay all wages due and owing each pay period; (e) failure to provide accurate wage statements; (f) waiting time penalties; (g) failure to reimburse business expenses; (h) failure to keep accurate and complete payroll records; and (i) failure to produce personnel records.

Plaintiffs are represented by attorneys in the Action: John G. Yslas and William M. Pao of Wilshire Law Firm, PLC ("PAGA Counsel.")

TGH strongly denies violating any laws whatsoever or failing to pay any wages whatsoever, and contends that at all times it fully complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether TGH or Plaintiffs are correct on the merits. In the meantime, Plaintiffs and TGH hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement ("Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiffs and TGH have negotiated a proposed Settlement that is subject to the Court's approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, TGH does not admit any violations whatsoever or concede the merit of any claims. Plaintiffs and PAGA Counsel strongly believe the Settlement is a good deal for you because they believe that: (a) TGH has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (b) settlement is in the best interests of the PAGA Members. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

a. TGH Will Pay $ 117,500.00 as the Gross Settlement Amount ("Gross Settlement"). TGH has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual PAGA Payments, PAGA Counsel's attorney's fees and expenses, a Service Payment to Plaintiff Ericson, the Administrator's expenses, and penalties to be paid to the LWDA. Assuming the Court grants approval of the Settlement, TGH will fund the Gross Settlement not more than 45 calendar days after the Judgment entered by the Court becomes final.

b. Court Approved Deductions from Gross Settlement. At the Approval Hearing, Plaintiffs and/or PAGA Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Approval Hearing:

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(i) Up to $39,166.66 (one-third of the Gross Settlement) to PAGA Counsel for attorneys' fees and up to $40,000.00 for their litigation expenses. To date, PAGA Counsel have worked and incurred expenses on the Action without payment.

(ii) $10,000.00 to Plaintiff Ericson as a Service Payment.

(iii) Up to $5,000.00 to the Administrator for services administering the Settlement.

c. Net Settlement Distributed to PAGA Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making a payment of 65% of the Net Settlement to the LWDA and distributing the remaining 35% of the Net Settlement as Individual PAGA Payments to PAGA Members based on the number of pay periods they worked during the PAGA Period.

d. Taxes. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

e. Need to Promptly Cash Payment Checks. The front of every check issued for Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the California State Controller's Office Unclaimed Wage Fund, you should consult the rules of the Fund for instructions on how to retrieve your money.

f. No Right to Object or Opt-Out. Because this is a PAGA settlement, you cannot opt-out or object to any portion of the Settlement. You will remain eligible for Individual PAGA Payments and are required to give up the right to assert PAGA claims against TGH based on the facts alleged in the Action during the PAGA Period.

g. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and TGH have agreed that, in either case, the Settlement will be void: TGH will not pay any money and PAGA Members will not release any claims against TGH.

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h. Administrator. The Court has appointed a neutral company, ILYM Group, Inc. (the "Administrator"), to send this Notice, and to calculate and make payments. The Administrator will also mail and re-mail settlement checks and tax forms and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

i. PAGA Members' PAGA Release. Effective upon entry of Judgment, the Court's Order granting Approval of this Settlement, and on the date when TGH fully funds the entire Maximum Settlement Amount, all PAGA Members will be barred from asserting PAGA claims against TGH. This means that any and all PAGA Members cannot sue, continue to sue, or participate in any other PAGA claim against TGH or its related entities for the PAGA Released Claims.

All PAGA Members will be bound by the following release:

> For the duration of the PAGA Period, all PAGA Members and, to the fullest extent permitted by law, the State of California and the LWDA, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all PAGA Released Claims. "PAGA Released Claims" means any and all claims whether suspected or unsuspected, contingent or accrued, known or unknown, that have been pled or could have been pled under state, federal or local law, whether statutory, common law or administrative, arising out of or related to allegations set forth in Plaintiff's PAGA Notice and Plaintiff's Complaint. These include claims for civil penalties under PAGA for TGH's alleged failure to pay for all time worked at correct rates of pay, including minimum wages, straight time wages, and overtime compensation; failure to provide meal periods and pay meal period premiums; failure to authorize and permit rest periods and pay rest period premiums; failure to timely pay wages during employment; failure to pay all wages due to discharged and quitting employees; failure to provide accurate itemized wage statements; failure to maintain accurate records; failure to reimburse necessary expenditures; failure to produce personnel records; violations of Labor Code §§ 201, 202, 203, 204, 226, 226.3, 233, 246, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 2800, and 2802; violations of Wage Order Nos. 1, 4 and/or 7; interest; fees, including fees under Code of Civil Procedure § 1021.5; costs, and all other claims and allegations for civil penalties under PAGA made or which could have been made in the PAGA Action based on the facts and allegations pled in Plaintiff's PAGA Notice and Plaintiff's Complaint.

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The claims released pursuant to the PAGA Released Claims shall be binding on the PAGA Members and, to the maximum extent possible permitted by law, the State of California and the LWDA. PAGA Members shall have no right to object to or opt out of the PAGA Released Claims or any portion of the Settlement pertaining to the PAGA Released Claims. "Released Parties" means TGH and its respective heirs, executors, administrators, successors, assignees, parents, subsidiaries and related entities, owners, officers, directors, shareholders, employees, agents, servants, representatives, independent contractors, members, attorneys, insurers, re-insurers, assigns, and affiliates, and any and all other entities with whom it has been, are now, or may hereafter be affiliated, and any of their affiliated companies, predecessors, successors and assigns, as well as their past or present officers, directors, agents, representatives, attorneys, insurers, re-insurers, assigns, or employees.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

a. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing $117,500.00 by the total number of pay periods worked by all PAGA Members during the PAGA Period and (b) multiplying the result by the number of pay periods worked by the individual PAGA Member.

5. HOW WILL I GET PAID?

a. The Administrator will send, by U.S. mail, a single check to every individual PAGA Member.

b. **Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 5 of this Notice has the Administrator's contact information.**

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

PAGA Counsel:

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Docusign Envelope ID: F6B28429-EB85-4D5E-8ED0-E7181CD7F45E

Los Angeles, CA 90017

Telephone: (213) 381-9988

Settlement Administrator:
Name of Company:
Email Address:
Mailing Address:
Telephone:
Fax Number:

6. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void, you should consult the State of California Unclaimed Property Fund for instructions on how to retrieve the funds

7. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT 3



ELM Solutions

2025 Real Rate Report® powered by LegalVIEW® DynamicInsights

The industry's leading analysis of law firm rates, trends, and practices

Wolters Kluwer

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- Restart Acrobat and reopen the PDF.

A Letter to Our Readers

Welcome to the latest edition of the Real Rate Report®, the legal industry's most trusted benchmark for legal billing rates.

Since 2010, the Real Rate Report has helped legal departments and law firms make smarter decisions about pricing, resourcing, and vendor management. That hasn't changed. What has changed is how we deliver those insights.

This year, the Real Rate Report is powered by LegalVIEW® DynamicInsights—our new digital-first platform that brings the same trusted LegalVIEW data to life in a more interactive, flexible, and timely way. Leveraging Wolters Kluwer's LegalVIEW database, with over $200B in anonymized, approved, invoice data, LegalVIEW DynamicInsights offers dynamic filters, quarterly updates, and calendar-year alignment to help users tailor benchmarks to their unique needs, on demand.

The Real Rate Report remains a vital snapshot of the market, and we know many of you rely on it as a reference tool. But DynamicInsights goes further. It enables deeper exploration of rate trends by role, experience, geography, practice area, industry, and more. Whether you're negotiating rates, evaluating law firm performance, or planning budgets, DynamicInsights gives you the agility and precision today's legal environment demands.

As always, we welcome your feedback and thank our data contributors for making this work possible. We're proud to be your partner in legal analytics and look forward to continuing to deliver insights that drive better business outcomes.

Sincerely,



Brian Jorgenson
Vice President, Product Management
Wolters Kluwer ELM Solutions

Real Rate Report Overview

The Real Rate Report is powered by LegalVIEW DynamicInsights, a web-based solution that delivers dynamic, invoice-backed insights through approved legal billing rates. It enables legal professionals to analyze rate trends by role, experience, industry, geography, practice area, and more using the world's largest repository of legal spend data.

DynamicInsights leverages the same trusted LegalVIEW database that has powered the Real Rate Report for years, now encompassing over $200B+ in anonymized, approved legal invoice data. As with previous Real Rate Reports, our data is sourced from corporations' and law firms' e-billing and time management solutions. We have included lawyer and paralegal rate data filtered by specific practice and sub-practice areas, metropolitan areas, and types of matters. This level of granularity gives legal departments and law firms the precision they need to identify areas of opportunity.

What's different with DynamicInsights?

Same source, same methodology: DynamicInsights uses the same rigorous data validation and methodology as the Real Rate Report.

- **Enhanced flexibility:** With dynamic filters, DynamicInsights enables users to tailor benchmarks to their unique needs and on demand.
- **Full year data:** DynamicInsights now aligns to a calendar year view—January through December—replacing the previous July-to-June format used in the Real Rate Report, reducing confusion and improving consistency across reporting periods.
- **More up to date:** Unlike the annual and static Real Rate Report, DynamicInsights is refreshed quarterly, offering more timely insights.
- **Digital-first access:** Delivered via a secure online interface, users can interact with the data, bookmark views, and share insights in real time.

DynamicInsights provides the same level of credibility and analytical power long trusted in the Real Rate Report with more agility and transparency for today's legal environment.

2025 Real Rate Report use considerations

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in DynamicInsights and this report are derived from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Legal departments might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Examples of data to consider when reviewing rates:

- **Industry** – Compare spend and rate trends across various industries
- **Practice area** – Analyze cost variations in different legal practice areas
- **Detailed practice area** – Drill down into niche legal specialties for precise benchmarking
- **Am Law** – Benchmark against top-ranked law firms for competitive rate analysis
- **City** – Understand rate trends in specific metropolitan areas
- **Country** – Gain a global perspective on legal costs and spend management
- **Role** – Assess legal spend distribution across different law firm roles

Real Rate Report Overview

Understanding key statistical terms

To help interpret the legal rate data presented in DynamicInsights and this report, it's important to understand the statistical measures used. Below are definitions of the core metrics:

- **Mean (average):** The sum of all rate values divided by the total number of values added. It provides a general sense of the central tendency of the rates but can be influenced by extreme values (outliers).
- **Median:** The middle value when all rates are arranged in ascending order. If there is an even number of rates being analyzed, the median is the average of the two middle rates. It is a robust measure of central tendency of rates that is less affected by outliers.
- **First quartile (Q1):** The value below which 25% of the rates fall. It marks the lower boundary of the middle 50% of the rates and helps identify the lower range of typical values.
- **Third quartile (Q3):** The value below which 75% of the rates fall. It marks the upper boundary of the middle 50% of the rates and helps identify the upper range of typical values.
- **n:** The number of unique timekeepers contributing to the data.

These metrics are used to provide a more nuanced view of legal rates, helping users identify trends, outliers, and benchmarks across various dimensions.

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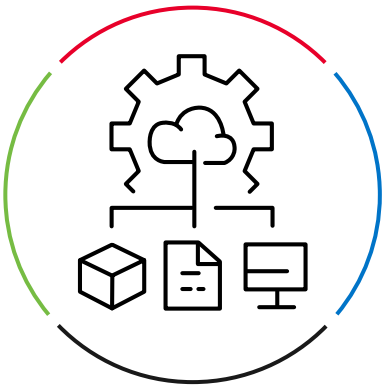
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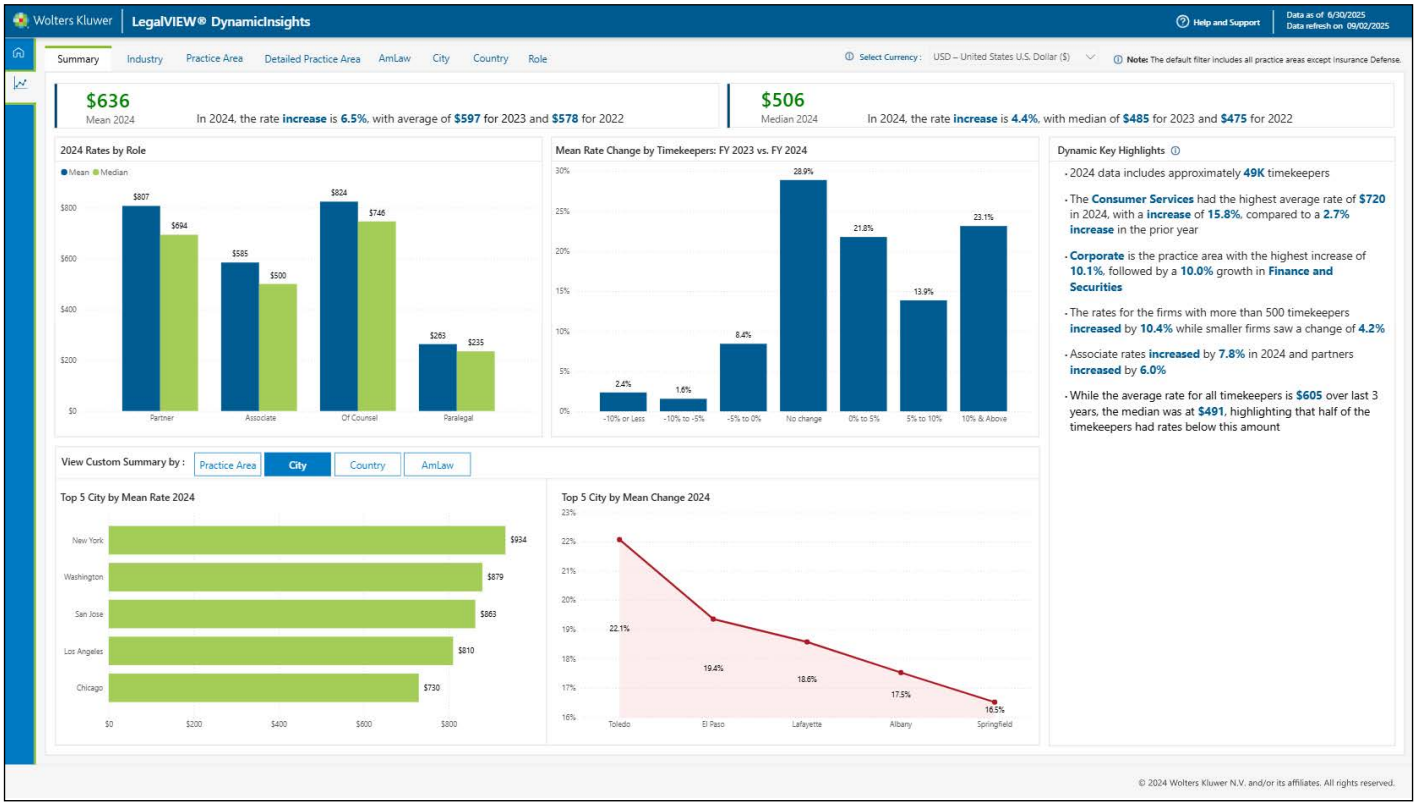
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Legal rates keep climbing and 2026 will be no exception. Stay ahead with award-winning insights designed to give your team the edge in every negotiation.

Data that wins awards...and rate negotiations

- **Unmatched Data Power:** Leverages over **$200B in invoice-backed legal spend data** to deliver deep, actionable insights.
- **Strategic Legal Spend Management:** Empowers legal teams to negotiate smarter, plan more effectively, and control costs with greater precision.
- **Enhanced Transparency & Collaboration:** Strengthens law firm-client relationships through data-driven transparency and benchmarking.
- **Insight-Driven Decision Making:** Enables analysis across key dimensions to support strategic negotiations and financial optimization.





Wolters Kluwer

Section I: High-Level Data Cuts

All data and analysis based on data collected thru Q2 2025

Section I: High-Level Data Cuts

Cities
By Role

2025 Real Rates for Associate and Partner **Trend Analysis - Mean**

City	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Los Angeles CA	Partner	565	$517	$925	$1,365	$993	$979	$913
	Associate	518	$485	$720	$982	$761	$741	$684
Louisville KY	Partner	32	$291	$395	$500	$411	$395	$380
	Associate	19	$275	$290	$342	$304	$274	$268
Madison WI	Partner	10	$275	$420	$491	$420	$443	$563
Memphis TN	Partner	22	$325	$394	$470	$404	$428	$387
Miami FL	Partner	191	$250	$525	$733	$547	$570	$575
	Associate	128	$175	$330	$479	$357	$389	$393
Milwaukee WI	Partner	32	$364	$459	$649	$524	$581	$525
	Associate	18	$322	$455	$690	$498	$462	$404
Minneapolis MN	Partner	138	$475	$694	$918	$692	$673	$637
	Associate	111	$333	$450	$620	$485	$467	$432

Section I: High-Level Data Cuts

Cities
By Years of Experience

2025 Real Rates for Partner **Trend Analysis - Mean**

City	Years of Experience	n	First Quartile	Median	Third Quartile	2025	2024	2023
Phoenix AZ	21 or More Years	25	$350	$490	$674	$559	$499	$540
Pittsburgh PA	Fewer Than 21 Years	41	$501	$600	$810	$669	$658	$599
	21 or More Years	72	$480	$691	$860	$705	$733	$669
Portland ME	21 or More Years	18	$386	$435	$484	$418	$421	$381
Portland OR	Fewer Than 21 Years	17	$402	$465	$525	$599	$536	$509
	21 or More Years	32	$470	$525	$639	$594	$607	$553
Raleigh NC	21 or More Years	12	$396	$475	$510	$489	$477	$477
Richmond VA	Fewer Than 21 Years	10	$604	$703	$855	$707	$746	$687
	21 or More Years	24	$431	$713	$1,084	$739	$756	$726
Salt Lake City UT	Fewer Than 21 Years	12	$395	$447	$459	$422	$445	$412
	21 or More Years	16	$350	$463	$521	$480	$433	$407
San Diego CA	21 or More Years	33	$438	$785	$1,334	$894	$898	$882

Section II: Industry Analysis

All data and analysis based on data collected thru Q2 2025

Section II: Industry Analysis

Consumer Services

By Detailed Practice Area and Matter Type

2025 - Real Rates for Associate and Partner **Trend Analysis - Mean**

Practice Area	Matter Type	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Employment and Labor: Discrimination, Retaliation and Harassment / EEO	**Litigation**	Partner	27	$393	$495	$613	$509	$463	$436
		Associate	19	$400	$475	$493	$437	$387	$370
Employment and Labor: Other	**Litigation**	Partner	24	$564	$692	$1,252	$956	$782	$683
		Associate	14	$384	$469	$564	$553	$484	$458
	Non-Litigation	Partner	25	$450	$574	$695	$579	$573	$548
		Associate	25	$397	$450	$525	$465	$472	$456
Intellectual Property: Patents	**Non-Litigation**	Partner	41	$350	$595	$691	$605	$652	$634
		Associate	51	$208	$373	$517	$382	$378	$389
Real Estate: Leasing	**Non-Litigation**	Partner	17	$410	$539	$865	$616	$664	$667
		Associate	10	$278	$404	$617	$482	$444	$478
Real Estate: Other	**Non-Litigation**	Partner	58	$480	$626	$940	$694	$612	$540
		Associate	39	$320	$460	$733	$503	$468	$415

EXHIBIT 4

Free Newsletter Sign Up

Business & Practice

Big Law Rates Topping $2,000 Leave Value ‘In Eye of Beholder’

By Roy Strom

Column
June 9, 2022, 2:30 AM

Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers’ billing rates and why it’s so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation’s top law firms are charging more than $2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than $1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they’re accused of fraud, charges $1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at $2,465 an hour. Want to hire famous litigator David Boies? That’ll cost $1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

“Value is in the eye of the beholder,” said John O’Connor, a San Francisco-based expert on legal fees. “The perceived value of a good lawyer can reach into the multi-billions of dollars.”

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the $2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	$2,465
Latham & Watkins	$2,075
Kirkland & Ellis	$1,995
Simpson Thacher & Bartlett	$1,965
Boies Schiller Flexner	$1,950
Sidley Austin	$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over $5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly $2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than $1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

Worth Your Time

On Cravath: Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast here.



00:00:00

That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

To contact the reporter on this story: Roy Strom in Chicago at rstrom@bloomberglaw.com

To contact the editors responsible for this story: Chris Opfer at copfer@bloomberglaw.com; John Hughes at jhughes@bloombergindustry.com

Documents

Trustee's Objection

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EXHIBIT 5

WILSHIRE LAW FIRM

Client Cost Report

Account	Type	Date	Num	Name	Matter Display Name	Line Memo	Amount
501500 Cost of Sale : Court Filing Fees	Credit Card Charge	5/14/2026	CC053126TA-0952	One Legal LLC	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	28238931-Atty Svc for Court Filing-CMS-Steven Nicholas Ericson-242012	$28.87
501500 Cost of Sale : Court Filing Fees	Credit Card Charge	8/27/2025	CC083125TA-2873	One Legal LLC	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	25946518-242012-Atty Svc for Court Filing-Change of Address-Steven Nicholas Ericson-10/31/2022	$27.76
501500 Cost of Sale : Court Filing Fees	Credit Card Charge	9/10/2025	CC093025TA-1419	One Legal LLC	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	26267849-242012-Atty Svc for Court Filing-CMS-Steven Nicholas Ericson-10/31/2022	$27.76
501500 Cost of Sale : Court Filing Fees	Credit Card Charge	9/11/2026	CC093026TA-0762	One Legal LLC	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	29082579-Atty Svc for Court Filing-Stipulation-Steven Nicholas Ericson-242012	$1,085.60
502500 Cost of Sale : Legal Expenses	Bill	9/1/2026	854050406	Thomson Reuters West Publishing Corp	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	854050406 - Legal Research - Steven Nicholas Ericson-242012	$0.00
503300 Cost of Sale : Professional Fees	Bill	9/4/2025	15596	Berger Consulting Group LLC	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	15596-TGH Employees LLC/LAVO Italian Restaurant (Ericson)-12.60 hours of work	$5,670.00
503500 Cost of Sale : Records Investigation	Bill	5/1/2026	26262	Batza & Associates Inc	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	26262-Steven Nicholas Ericson-Investigative case work-242012	$381.13
503500 Cost of Sale : Records Investigation	Bill	5/14/2026	26317	Batza & Associates Inc	TGH Employees LLC/LAVO Italian Restaurant (Ericson) - Wage & Hour (PAGA ONLY)	26317-Steven Nicholas Ericson-Investigative case work-242012	$820.50
Total							$8,041.62

Wilshire Law Firm, PLC
Client Costs Detailed Report
All Transactions

Type	Date	Num	Class	Source Name	Memo	Amount	Balance
500000 · COS							
501500 · Court Filing Fees							
Credit ...	06/13/2024		TGHEmp(Ericson).W&H	Los Angeles Superior Court	PA-2024-275280942 (242012) TGHEmp(Ericson).W&H	11.80	11.80
Credit ...	06/13/2024		TGHEmp(Ericson).W&H	Los Angeles Superior Court	PA-2024-275280737 (242012) TGHEmp(Ericson).W&H	14.60	26.40
Credit ...	06/20/2024		TGHEmp(Ericson).W&H	Los Angeles Superior Court	PA-2024-275989345 (242012) TGHEmp(Ericson).W&H	61.00	87.40
Credit ...	01/16/2024	21994567	TGHEmp(Ericson).W&H	One Legal LLC	21994567-Comp,CCCS,Summ-Atty Svc for Court Filing-242012 ...	463.22	550.62
Credit ...	02/01/2024	22042758	TGHEmp(Ericson).W&H	One Legal LLC	22042758-Ntc litigants,case assign,stip-Atty Svc for Court Filing-...	41.18	591.80
Credit ...	02/05/2024	22058636	TGHEmp(Ericson).W&H	One Legal LLC	22058636-POS 30day Summ&Comp-Atty Svc for Court Filing-24...	15.39	607.19
Credit ...	06/06/2024	23069384	TGHEmp(Ericson).W&H	One Legal LLC	23069384-242012-Atty Svc for Court Filing-POS, CMS-TGHEmp(...	21.57	628.76
Total 501500 · Court Filing Fees						628.76	628.76
502500 · Legal Expenses							
Credit ...	11/09/2023		TGHEmp(Ericson).W&H	Department of Industrial Relati...	ORD-000259165 (242012) TGHEmp(Ericson).W&H	75.00	75.00
Bill	06/06/2023	848413295	TGHEmp(Ericson).W&H	Thomson Reuters-West Publis...	Legal Research-TGHEmp(Ericson).W&H	22.92	97.92
Bill	07/09/2024	850416485	TGHEmp(Ericson).W&H	Thomson Reuters-West Publis...	Legal Research-TGHEmp(Ericson).W&H	182.41	280.33
Total 502500 · Legal Expenses						280.33	280.33
502700 · Mediation Fees							
Bill	09/16/2024	641719	TGHEmp(Ericson).W&H	Judicate West	641719-TGHEmp(Ericson).W&H-50% Mediation Fee sked 04/15/...	9,450.00	9,450.00
Total 502700 · Mediation Fees						9,450.00	9,450.00
Total 500000 · COS						10,359.09	10,359.09
TOTAL						**10,359.09**	**10,359.09**

EXHIBIT 6

Outlook

Thank you for your Court Complaint Submission.

From DIR PAGA Unit <no-reply@formassembly.com>
Date Fri 11/14/2025 9:07 PM
To Celenia Ramos <celenia.ramos@wilshirelawfirm.com>

11/14/2025 09:07:31 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Court Complaint
If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Ccelenia.ramos%40wilshirelawfirm.com%7C8265709ebce346ec190608de2404ea67%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C638987800717883407%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=26m0dl3F6TIyMCMHLj2Z2k8XZB%2BSbqpB4T7yo7c7OtQ%3D&reserved=0

EXHIBIT 7

Jonathan Valmeo

From: no-reply@formassembly.com
Sent: Thursday, October 29, 2026 4:36 PM
To: Jonathan Valmeo
Subject: Thank you for your Proposed Settlement Submission

10/29/2026 04:36:06 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

On 10/29/2026 04:36:06 PM your Proposed Settlement was successfully processed for case number LWDA-CM-992798-23

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website:
https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Cjonathan.valmeo%40wilshirelawfirm.com%7C8496550239124
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