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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

JEREMY MCARTHUR, individually and on
behalf of all others of the public similarly
situated,

Plaintiff,

v.

PACIFIC DESIGN CENTER 1, LLC, an out-of-
state, limited liability company; PACIFIC RED,
LLC, an out-of-state limited liability company;
and COHEN PDC, LLC, an out-of-state limited
liability company, and DOES 1 to 50, inclusive,

Defendants.

CLASS ACTION

Case No: 24STCV03908
Hon. Timothy P. Dillon
Dept. 15

**DECLARATION OF ROLANDO J .
GUTIERREZ ESQ. IN SUPPORT OF
PLAINTIFF JEREMY MCARTHUR'S
NOTICE OF MOTION AND MOTION FOR
CONDITIONAL CLASS CERTIFICATION
AND PRELIMINARY APPROVAL OF
CLASS ACTION AND PRIVATE
ATTORNEY GENERAL ACT
SETTLEMENT**

Date: August 12, 2025
Time: 9:00 a.m.
Please: Dept. 15

Date of Filing: February 15, 2024
Trial Date: None Set

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1. I am over the age of 18 and a resident of California. I am admitted and licensed to practice law in the State of California. I am counsel of record for Plaintiff Jeremy McArthur (“Plaintiff” or “Mr. McArthur”) in this matter. I have personal and first-hand knowledge of the matters stated herein, and, if called and sworn as a witness, I would and could testify competently hereto.

STATEMENT OF THE CASE AND PROCEDURAL HISTORY

4. On January 22, 2024, prior to filing the Complaint, Plaintiff submitted written notice to the California Labor and Workforce Development Agency (“LWDA”) pursuant to the California Private Attorney General Act of 2004 (“PAGA”), setting forth his claims on behalf of himself and all those similarly situated. Copies of this letter were also mailed to Defendants on January 22, 2024, via certified mail. On April 9, 2024, Mr. McArthur filed a First Amended Complaint as a matter of right, adding a ninth cause of action for civil penalties pursuant to PAGA, after the LWDA failed to respond within 65 days. Subsequently, on January 8, 2025, Mr. McArthur filed a Second Amended Complaint asserting the same causes of action but alleging additional facts.

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1 industry, which is a key destination for the design community and the general public to view exhibitions,
2 lectures, and meetings related to the arts. While job classifications and duties may vary among non-
3 exempt employees, such as “Chief Engineers,” “Chief Operating Engineers,” “Assistant Chief
4 Engineers,” “Certified One Man Plants,” “Non-Certified One Man Plants,” “Lead Engineers,” “Certified
5 Engineers,” “Non-Certified Engineers,” “Engineers,” “Maintenance Attendants,” “Security Personnel,”
6 “Janitorial Personnel” and in-house restaurant, café, and fitness center staff members, Mr. McArthur
7 alleges that Defendants’ policies, procedures, and/or practices were uniformly enforced against all non-
8 exempt employees.

9 6. Mr. McArthur alleges that Defendants required all non-exempt employees, regardless of
10 classification or duties, to work through their designated meal and rest periods. He also alleges that
11 employees routinely worked shifts exceeding eight hours per day and/or forty hours per week, but
12 Defendants failed to compensate statutory overtime and double-time compensation for hours worked
13 beyond these thresholds. Mr. McArthur also alleges that Defendants required employees to utilize their
14 personal tools and equipment in performing their duties while failing to provide reimbursement or
15 indemnification for the use of such personal property in furtherance of Defendants’ business operations.
16 Due to Defendants’ failure to properly pay its employees for all hours worked, including overtime
17 compensation, double time compensation, and meal and rest break premiums, as a derivative result,
18 employees were not provided with accurate itemized wage statements, nor were they paid all wages due
19 upon termination.

20 7. Defendants deny Mr. McArthur’s allegations, deny that they violated any law, and
21 maintain that this Action is not suitable for class-wide adjudication.

22 **INFORMAL DISCOVERY, INVESTIGATION, AND MEDIATION**

23 8. The Parties engaged in a full-day mediation with professional neutral, Mike D. Young,
24 Esq., on February 18, 2025. Prior to mediation, Defendants informally produced employee handbooks,
25 collective bargaining agreements, and timekeeping and payroll data, including both paper data and
26 electronic comma separate value (“CSV”) data. I interviewed putative class members to investigate the
27 nature and extent of Plaintiff’s class claims. My office retained an expert who analyzed the data and
28 created damage models detailing Defendants’ wage and hour violations and maximum exposure. Prior

1 to mediation, I spent significant time reviewing and analyzing both the paper and electronic data, the
2 handbooks and collective bargaining agreements, the expert's analysis, and prepared a comprehensive
3 mediation brief in advance of mediation.

4 9. Following productive negotiations, the Parties reached a settlement via a mediator's
5 proposal. The terms of the settlement are memorialized in the "Class Action and PAGA Settlement and
6 Release Agreement" (the "Agreement"), a true and correct copy of which is attached hereto and labeled
7 as "Exhibit 1" ("Ex. 1").¹

8 KEY TERMS OF THE SETTLEMENT

9 10. The "Class" is defined as:

10 [A]ll current and former non-exempt employees who worked for Pacific Red, LLC,
11 Pacific Design Center 1, LLC, and/or Cohen PDC LLC during the time-period of
February 15, 2020, to March 3, 2025.

12 (Ex. 1. ¶ 1.5; *see also*, "Court Approved Notice of Class Action and PAGA Settlement and
13 Hearing Date for Final Court Approval" attached to the Settlement Agreement as "Exhibit A"
14 (the "Class Notice"), p. 1.)

15 11. "Aggrieved Employee" includes a current or former non-exempt employees who
16 worked for Pacific Red, LLC, Pacific Design Center 1, LLC, and/or Cohen PDC LLC from January 22,
17 2023, to March 3, 2025 (the "PAGA Period"). (Ex. 1, ¶¶ 1.4 and 1.31.)

18 12. Except as otherwise provided in paragraphs 8 and 9 of the Settlement, Defendants agree
19 to pay \$550,000.00 to fund the Settlement (the "Gross Settlement Amount"), which represents the total
20 amount Defendants agree to pay under the Settlement.² (Ex. 1, ¶¶ 1.22 and 3.1.) The Gross Settlement
21 Amount does not include Defendants' share of applicable employer-side payroll taxes, which
22

23 ¹ Before preparing the initial draft of the Agreement, I downloaded the model agreement from the Los
24 Angeles Superior Court's website. I then cleaned the model agreement by only revising the formatting, font,
25 and spacing issues. From the cleaned model, I made substantive revisions for the Agreement. Attached is a
26 true and correct redlined copy of the Agreement compared against the modal agreement and labeled as
"Exhibit 2." I generated this redlined version using the "Compare" feature in MS Word. The Parties did not
use the suggested class notice attached to the model agreement.

27 ² Paragraph 8 of the Settlement Agreement provides a right of withdrawal by Defendants if opt-outs
28 exceed 10% of total Class Members, while Paragraph 9 incorporates an escalator clause that proportionally
increases the Gross Settlement Amount if actual workweeks exceed the estimated amount by more than 10%.
(Ex. 1, ¶¶ 8 and 9.)

1 Defendants will separately pay in addition to the Gross Settlement Amount. (*Ibid.*)

2 13. The Net Settlement Amount is the Gross Settlement Amount less the following
3 deductions, subject to Court approval:

- 4 (a) **PAGA Allocation.** A PAGA allocation of \$27,500.00, of which 75% (i.e.,
5 \$20,625.00) shall be paid to the Labor and Workforce Development Agency (the
6 “LWDA”), which represents the “LWDA PAGA Payment,” and 25% (i.e.,
7 \$6,875.00) shall be paid to Aggrieved Employees. (Ex. 1, ¶¶ 1.34 and 3.2.5.)
8 Each Aggrieved Employee will receive his or her share of the amount allocated
9 to Aggrieved Employees (i.e., \$6,875.00), which represents the “Individual
10 PAGA Payment.” (*Ibid.*) Each Individual PAGA Payment shall be calculated “by
11 dividing \$6,875.00 by the total number of PAGA Pay Periods and multiplying
12 the result by the number of PAGA Pay Periods each individual Aggrieved
13 Employee worked within the PAGA Period.” (Ex. 1, ¶ 3.2.5.1.)
- 14 (b) **Class Counsel Fees Payment and Expenses Payment.** Defendants will not
15 oppose Class Counsel’s fee application of up to 35% of the Gross Settlement
16 Amount in the amount of \$192,500 (“Class Counsel Fee Payment”), plus costs
17 not to exceed \$32,000.00 (“Class Counsel Litigation Expenses Payment”). (Ex.
18 1, ¶ 3.2.2.) As of the filing of this Motion, Class Counsel has incurred \$19,970.14
19 in Litigation Expenses. If the Court approves fees or expense payments less than
20 the amount requested, the remainder will be allocated to the Net Settlement
21 Amount for distribution to the Participating Class Members. (*Id.*)
- 22 (c) **Class Representative Service Award.** Plaintiff will request, and Defendants
23 agree to not oppose, a “Service Award” of \$12,500.00 for Plaintiff, in exchange
24 for initiating and providing services in support of the Action. (Ex. 1, ¶ 3.2.1.) If
25 the Court approves a lesser amount, the Administrator will allocate the
26 unapproved portion to the Net Settlement Amount for distribution to
27 Participating Class Members. (*Id.*)
28

- (d) ***Administration Expenses.*** The Parties agree to appoint CPT Group, Inc. as the “Administrator.” (Ex. 1, ¶¶ 1.2 and 7.1.) The Administrator will establish a settlement fund that meets the requirements of a Qualified Settlement Fund under US Treasury Regulation section 468B-1. (Ex. 1, ¶ 7.3.) The Parties have allocated an amount not to exceed \$8,500.00 as the “Administrator Expenses Payment,” based on the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval. (Ex. 1, ¶¶ 1.3 and 3.2.3; *see also*, Gutierrez Decl., ¶ 47, Ex. 3.) If the Court approves the Administrator Expenses Payment in an amount less than \$8,500.00, the Administrator will allocate the remainder to the Net Settlement Amount for distribution to Participating Class Members. (Ex. 1, ¶ 3.2.3.)
- (e) ***Total Net Settlement Amount Eligible for Participating Class Members.*** If the Court approves the amounts requested for the PAGA Allocation (\$27,500.00), Class Counsel Fees Payment (\$192,500.00), Class Counsel Litigation Expenses Payment (\$32,000.00), Class Representative Service Award (\$12,500.00), and the Administrator Expenses Payment (\$8,500.00), the Net Settlement Amount eligible for distribution to “Participating Class Members” is \$277,000.00 (\$550,000.00 - \$273,000.00).

14. The Administrator will calculate each “Individual Class Payment” by dividing the Net Settlement Amount by the total number of workweeks worked by all Participating Class Members during the Class Period and multiplying the result by the number of workweeks worked by each individual Participating Class Member. (Ex. 1, ¶ 3.2.4.) The Administrator will calculate each “Individual PAGA Payment” by dividing \$6,875.00 by the total number of PAGA pay periods worked by all Aggrieved Employees and multiplying the result by the number of PAGA Period pay periods worked by each individual Aggrieved Employee. (Ex. 1, ¶ 3.2.5.1.)

15. Each Individual Class Payment shall be reported as 20% towards taxable wages (the “Wage Portion”) and the remaining 80% towards penalties and interest (the “Non-Wage Portion”). (Ex. 1, ¶ 3.2.4.1.) The Wage Portion is subject to withholdings, as reported on IRS W-2 Forms. Defendants

1 will separately pay employer payroll taxes on the Wage Portion. (*Id.*) The Administrator will report the
2 Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099
3 Forms. (Ex. 1, ¶ 3.2.5.1.)

4 16. Class Members and Aggrieved Employees may challenge the number of workweeks
5 during the Class Period and/or PAGA pay periods worked during the PAGA Period. (Ex. 1, ¶ 7.6.) A
6 dispute with documentary support must be received by the Administrator within 45 days of the mailing
7 of the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-
8 mailed). (*Id.*) In the absence of contrary documentation, the Administrator is entitled to presume that the
9 workweeks and/or PAGA Pay Periods are correct. (*Id.*) The Administrator's determination of each Class
10 Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise
11 susceptible to challenge. (*Id.*) The Administrator shall promptly provide copies of all challenges to
12 calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel, along with the
13 Administrator's determination of the challenges. (*Id.*)

14 17. The following releases shall become effective when Defendants fully fund the Gross
15 Settlement Amount and support full fund all employer payroll taxes owed on the Wage Portion of the
16 Individual Class Payments (Ex. 1, ¶ 5.0):

17 (a) ***Participating Class Members' Release.*** The class release is limited to:

18 All Participating Class Members, on behalf of themselves and their respective former
19 and present representatives, agents, attorneys, heirs, administrators, successors and
20 assigns, release Released Parties from (i) all claims that were alleged, or reasonably
21 could have been alleged, based on the Class Period facts stated in the Operative
22 Complaint and ascertained in the course of the Action including Failure to Pay Minimum
23 Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL.
24 CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation
25 (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to
26 Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. §
27 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS.
28 § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. §
11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE
§§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB.
CODE §§ 201, 202, and 203); and Unfair Competition and Unlawful Business Practices
(CAL. BUS. & PROF. CODE § 17200, *et seq.*). Except as set forth in Section 5.3 of this
Agreement, Participating Class Members do not release any other claims, including
claims for vested benefits, wrongful termination, violation of the Fair Employment and
Housing Act, unemployment insurance, disability, social security, workers'
compensation or claims based on facts occurring outside the Class Period.

(Ex. 1, ¶ 5.2.)

(b) ***Aggrieved Employees' Release.*** The PAGA release is limited to:

All Participating and Non-Participating Class Members who are Aggrieved Employees 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 claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Penalties Pursuant to the Private Attorney General Act (CAL. LAB. CODE §§ 2699, *et. seq.*, 210, and 558).

(Ex. 1, ¶ 5.3.)

(c) ***Plaintiff's Release and Section 1524 Waiver.*** In addition to the Participating Class Members' Release and the Aggrieve Employees' Release:

Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge Released Parties from all claims, transactions or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under Paragraph 5.2[.]. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that he may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

(Ex. 1, ¶ 5.1.) Plaintiff's release includes a waiver of rights under section 1542 of the California Civil Code. (*Id.*, ¶ 5.1.1.)

18. Neither the Gross Settlement Amount nor the Net Settlement Amount shall revert to Defendants. (Ex. 1, ¶ 3.1.) Any unclaimed funds from any uncashed checks, plus any interest thereon, shall escheat to the California State Controller's Unclaimed Property Fund pursuant to the Unclaimed Property Law (California Civil Code § 1500, *et seq.*) in the names of the Class Members after 180 days

1 from mailing. (Ex. 1, ¶ 4.4.3.)

2 19. The Class Notice sets forth in plain terms a statement of the case, the terms of the
3 Settlement Agreement, the approximate amounts of attorneys' fees and costs, Plaintiff's Class
4 Representative Payment, and an explanation of how the settlement allocations are calculated. (Ex. 1 [Ex.
5 A thereto ("Ex A")].) The Class Notice will be issued to the Class in English, with a Spanish translation,
6 in the form to, without material variation from, Ex. A. (Ex. 1, ¶¶ 1.11 and 7.4.2.)

7 20. The first page of the Class Notice sets forth the approximate amount the Class Member
8 and/or Aggrieved Employee receiving the Class Notice will receive from the Net Settlement Amount
9 (assuming that all Class Members participate in the settlement), as well as the number of workweeks
10 and pay periods calculated for that Class Member and/or Aggrieved Employee. (Ex. 1, ¶ 7.5.6, Ex. A
11 thereto, p. 1.) Class Members will be notified of the settlement by first-class mail. (Ex. 1, ¶ 7.5.2.) The
12 Administrator will undertake its best efforts to ensure that the Class Notice is provided to the current
13 addresses of Class Members, including using the National Change of Address database to update any
14 Class Member's information prior to mailing the Class Notice. (*Id.*)

15 MY PROFESSIONAL EXPERIENCE

16 21. I obtained my Juris Doctorate degree from Southwestern Law School in December of
17 2009.

18 22. In 2010, I joined a prominent complex litigation firm in Los Angeles, California,
19 ARIAS OZZELLO & GIGNAC, LLP³ ("AOG"), which specializes in complex matters such as wage and
20 hour and consumer class actions, multidistrict litigation, and personal injury matters involving
21 catastrophic injuries, as a law clerk primarily conducting legal research and drafting law and motion
22 documents.

23 23. After obtaining my license to practice law in 2011, I worked as an associate at AOG
24 where I focused my practice in areas of wage and hour and consumer class actions, multidistrict
25 litigation, and personal injury matters involving catastrophic injuries until May of 2015.

26 24. With respect to my wage and hour experience, while working at AOG I litigated
27 numerous cases to resolution, which entailed drafting complaints, defending demurrers, engaging in

28 ³ Arias Ozzello & Gignac, LLP is now known as Arias Sanguinetti, LLP.

1 complex discovery issues including *Pioneer/Belaire-West* notice procedures, mediations, class
2 certification, class administration/class notice, defending against motions for summary judgments, and
3 settlement approvals. My experience also includes appellate practice.

4 25. Since my separation from AOG in May of 2015, I have continued primarily litigating
5 wage and hour cases, both individual and class action matters, and both on the plaintiff side and on
6 the defense side.

7 26. Here is a sampling of my representative matters:

8 (a) Early in my career at AOG, I assisted senior lawyers with legal research and
9 law and motion on the following matters:

- 10 • A consumer class action captioned *James Laliberte v. Pacific Mercantile*
11 *Bank*; OC Sup. Ct. Case No. 03CC07092.
- 12 • A wage and hour class action captioned *Ugas v. H R Block Enterprises,*
13 *LLC*; Cal. CD Case No. CV 09-6510-CAS (SHx).
- 14 • A wage and hour class action captioned *Braulio Juarez v. Kmart*
15 *Corporation, et al.*; Contra Costa Sup. Ct. No. CIVMSC0602246.
- 16 • A wage and hour class action captioned *Sergio Gutierrez v. California*
17 *Commerce Club, Inc.*; LA Sup. Ct. Case No. BC360704.

18 (b) As lead or co-counsel, I have actively litigated and/or am currently litigating,
19 the following matters:

- 20 • A wage and hour class action captioned *Rodolfo Soto v. RIMA Private*
21 *Security Services, Inc., et al.*; LA Sup. Ct. Case No BC462676. Class
22 certification was granted on April 25, 2014, after which the defendants filed
23 bankruptcy.
- 24 • A wage and hour class action captioned *Darryle F. Harris v. Jackson-Jones*
25 *Corporation, et al.*; LA Sup. Ct. Case No. BC461009. Class certification
26 was granted on September 18, 2013, but due to a large number of opt outs,
27 the case was decertified before trial.
- 28 • A wage and hour class action captioned *Edward L. Caloia v. Fleetwood*

1 *Limousine, Ltd.*; LA Sup. Ct. Case No. BC458404. Motion for class
2 certification denied.

- 3 • A consumer class action captioned *Adrian Popescu v. SBE Entertainment*
4 *Group, LLC*; LA Sup. Ct. Case No. BC494064, resulting in a claims-made
5 settlement.
- 6 • A consumer class action captioned *Paul Ulman v. Central Mortgage*
7 *Company, et al.*; LA Sup. Ct. Case No BC465454, resulting in a class
8 settlement of \$250,000 of unreimbursed property tax refunds involving the
9 sale of real estate owned (REO) properties.
- 10 • A wage and hour class action/PAGA Action defense matter captioned
11 *Martinez v. DMCG, Inc.*; Los Angeles Sup. Ct. Case No. BC661162
12 (related case: *Girardot v. Bail Hotline Bail Bonds, Inc.*; Los Angeles. Sup.
13 Ct. Case No. BC700131), resulting in a settlement of \$750,000.
- 14 • A wage and hour class action captioned *Ramirez v. Real Time Staffing*
15 *Services, Inc.*; Los Angeles Sup. Ct. Case No: BC715058. After an
16 unsuccessful appeal challenging the trial court's order compelling the
17 matter to arbitration and striking the class allegations (Second Appellate
18 District Case No: B313232), the parties settled the individual claims.
- 19 • A wage and hour class action/PAGA action captioned *Carrie Prodromides*
20 *v. Shoreline Treatment Center, Inc., et. al.*, Los Angeles Sup. Ct. Case No.
21 20STCV47287, which settled for \$678,484.77.
- 22 • A wage and hour class action/PAGA action captioned *Miller v. LS & Partners*
23 *@ CA, LLC*; Los Angeles Sup. Ct. Case No. BC706919, which involved a
24 successful writ petition challenging the trial court's order striking certain class
25 claims (Second Appellate District Case No: B313147), ultimately resulting in
26 a settlement of \$1,500,000.
- 27 • A wage and hour class action/PAGA action captioned *Lindsay Shelton v*
28 *W.B. Restaurant Partners, LP, et al.*; Los Angeles Sup. Ct. Case No.

22STCV22904. Due to an arbitration agreement with a class waiver, the individual and class claims were dismissed and compelled to arbitration, while the “non-individual PAGA” claims were stayed pending the California Supreme Court’s decision in *Adolph v. Uber Technologies, Inc.* (Cal. S.C. Case No. G059860). After engaging in mediation, the parties settled the individual claims.

- A wage and hour class action/PAGA Action defense matter captioned *Pereira v. Bulldog Auction House, LLC*; Los Angeles Sup. Ct Case No. 23STCV12188.
- A wage and hour class action/PAGA action captioned *Nicole Wheat v. Mario Marovic, et. al.*; Orange County Sup. Ct. Case No. 30-2021-01210986-CU-OE-CXC (related case: *Natasha Konishi et al. v. The Lounge Group, Inc., et al.*; Orange Count Sup. Ct. Case No. 30-2021-01201250-CU-OE-CXC, which settled for \$1,750,000.
- A wage and hour class action/PAGA action captioned *Benny Adams, et al. v. Crossing, Inc., et al.*; Los Angeles Sup. Ct. Case No. 24STCV27904; currently pending.
- A wage and hour class action/PAGA action captioned *Josie DeBellis, et al. v. Randall Kaplan, et al.*; Los Angeles Sup. Ct. Case No. 25STCV10499; currently pending.
- A wage and hour class action/PAGA action captioned *John Serris v. Clare | Matrix, Inc.*; Los Angeles Sup. Ct. Case No. 24STCV21512; currently pending.

(c) I have also performed contract work for other class action attorneys assisting with limited or discrete issues, including:

- *Antelope Valley Groundwater Cases*; LA Sup. Ct Case No. JCCP4408, Lead Case No. BC325201; Court of Appeal Case No. F075451, assisting with drafting of appellate briefs related to the discrete issue of attorneys’

1 fees.

- 2 • *David Kropt v. Able Building Maintenance*; LASC No. BC569154,
- 3 assisting with law and motion related to class discovery.
- 4 • *Andrey Castrejon v. Karen Kane, Inc.*; LASC BC537058 (related case:
- 5 *Patricia Lopez v. Karen Kane, Inc.* (LASC No. BC569548), assisting with
- 6 law and motion related to class discovery.
- 7 • *Munoz v. Converse Inc. et al.*; Cal. ND Case No. 3:15-cv-03971-WHO,
- 8 assisting with general law and motion practice.
- 9 • *Amiri v. Cox Communications California, LLC*; Cal. CD Case No. 8:16-cv-
- 10 00540-CIC-RAO, assisting with general law and motion practice.

11 (d) While not a class action, it is noteworthy that I filed an individual wage and
12 hour case in December of 2015 on behalf of a decedent who died during the
13 course and scope of employment, which resulted in a confidential six-figure
14 settlement in February 2017.

15 27. As of the date of this declaration, my customary hourly rate range is approximately
16 between \$550 and \$600 an hour, which is commensurate with my years of experience in complex
17 class action litigation.⁴

18 **THE PROPOSED SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE**

19 28. Mr. McArthur initially sought legal help because he noticed that his paystubs would not
20 accurately reflect all hours worked and therefore suspected that he was not being paid all wages due,
21 including overtime. Upon further investigation, I discovered that Defendants were requiring all non-
22 exempt employees to work through both their meal and rest periods. Thus, the primary theory of
23 liability in this case is Defendants' common and systematic meal and rest break violations, in addition
24 to unpaid wages and the derivative claims.

25 29. Prior to mediation, Defendants informally produced employee handbooks that had not

26
27 ⁴ According to the 2022 Real Rate Report, a Wolters Kluwer publication, the median and average hourly
28 rates for Los Angeles area attorneys with seven or more years of experience in 2022 was \$550 and \$600,
respectively, while the median and average hourly rates for "Litigation" associates in the Los Angeles area
was \$615 and \$642, respectively.

1 been updated since December 2003.

2 30. Based on the data provided by the Defendants prior to mediation, Plaintiff's expert
3 created damage models based on the following benchmarks and assumptions for purposes of
4 mediation:

- 5 (a) Class Size: 70
- 6 (b) Workweeks: 5,848
- 7 (c) PAGA Pay Periods: 3,627
- 8 (d) Average pay rate: \$25.08
- 9 (e) Average minimum rate: \$14.79
- 10 (f) Average shift length: 9.58;
- 11 (g) An assumed 30 minutes of unpaid overtime;⁵
- 12 (h) An assumed \$20 unpaid monthly stipend for cost reimbursements;⁶ and
- 13 (i) A 100% rest break violation rate for all class members.

14 31. The time and payroll data that Mr. McArthur's expert analyzed in advance of mediation
15 suggested a 100% meal period violation rate for all meal-eligible shifts. More specifically, 98.2% of all
16 shifts during the applicable class period were meal break eligible shifts, of which 97.1% of those shifts
17 were missed breaks, with the remaining 2.9% accounting for late or short meal periods. Of the 98.2% of
18 those meal eligible shifts, 13.6% were second meal break eligible, of which 100% of those shifts
19 accounted for missed second meal periods. Given that 98.2% of the shifts for the class were meal
20 eligible shifts, Mr. McArthur's expert extrapolated this figure to an average of 4.610 violations per
21 workweek per class member.

22 32. Based on the foregoing benchmarks, actual data, and assumptions, Defendants'
23 maximum exposures are broken down as follows:

24 Meal Period Premiums.....\$875,545

25 ⁵ For purposes of mediation, it is assumed that each class member who worked a meal eligible shift also
26 worked off-the-clock for thirty minutes per shift, resulting in an extrapolation of 150 unpaid minutes per
27 workweek per class member. These figures will be used to calculate liquidated damages and unpaid overtime.

28 ⁶ Certain members of the class were required to use their own tools in the performance of their duties for
Defendants' benefit. For purposes of mediation, at \$20 unpaid monthly stipend is assumed which extrapolates
to \$5 per workweek per class member.

Rest Period Premiums	\$890,739
Unpaid Wages, Including Overtime	\$757,826
Liquidated Damages.....	\$297,933
Unreimbursed Expenses	\$40,288
Wage Statement Penalties	\$386,163
Waiting Time Penalties	\$181,162
TOTAL	\$3,429,656

33. Despite Defendants’ maximum exposure, I recognize the challenges of proving Plaintiff’s class claims, along with the risks, complexities, expense, and duration of further litigation.

34. As a preliminary matter, this action is not yet certified.⁷

35. While Plaintiff has conducted informal discovery and investigation (*e.g.*, review and analysis of policies and procedures and Defendants’ payroll and timekeeping data), Plaintiff has not conducted formal discovery necessary for certification, nor has he conducted discovery on the merits. And even if Plaintiff is successful in achieving certification (and potentially opposing motion for decertification), Plaintiff will still face the challenge of proving the existence and nature of these claims. Notably, Plaintiff will face the challenge of having to prove off-the-clock work.⁸ Given that lack of records to prove off-the-clock work, individual proof may become necessary rendering trial unmanageable. And, given that records for rest breaks are not maintained (and are not required to be maintained), Plaintiff’s rest break claims face a similar challenge.⁹ If Plaintiff were to prevail on his underlying claims, he will also need to prove that Defendants’ violations of Labor Code sections 203

⁷ In the Second Interim Report from the Study of California Class Action Litigation, published by the Judicial Council of California in February 2010, only 22% of class actions get certified. (Retrieved from <https://www.courts.ca.gov/documents/classaction-certification.pdf>).

⁸ See *Deaver v. Compass Bank* (N.D. Cal. Dec. 11, 2015) 2015 WL8526982, at *7 (approving class settlement in part because of the “difficulties [in] certifying the class and establish[ing] liability on the merits of... [off-the-clock] claims[.]”); *In re Wells Fargo Loan Processor Overtime Pay Litig.* (N.D. Cal. Aug. 2, 2011) 2011 WL3352460, at *6 (recognizing that the potential difficulty in proving off-the-clock hours is a significant risk that supports approval of a class settlement).

⁹ Courts have also recognized the “insurmountable manageability concerns” that have precluded class certification of rest break claims even when an employer’s policy is facially flawed. *E.g.*, *Ordonez v. Radio Shack, Inc.* (C.D. Cal., Aug. 15, 2014) 2014 WL4180958, at *6; *Koval v Pacific Bell Telephone Co.* (2015) 232 Cal.App.4th 1050, 1063 (class adjudication would be “totally unmanageable” where plaintiff failed to show that the employer’s facially lawful policies had been consistently applied in an improper manner); *Cummings v. Starbucks Corp.* (C.D. Cal., Mar. 24, 2014) 2014 WL1379119, at *23 (to find that common issues predominate, the court would have to rely on the defective rest period policy to the exclusion of other evidence).

1 and 226 were *willful*, which is a difficult prospect.¹⁰

2 36. Defendants also maintain that all non-exempt employees, including Plaintiff, signed
3 valid and enforceable arbitration agreements containing class waivers. Had this case not been settled,
4 Defendants would have likely moved compel Plaintiff into arbitration. And if this case were to be
5 certified, Defendants may still seek to enforce the arbitration agreements on a class wide basis.¹¹ (*Id.*)

6 37. While Defendants' potential maximum class exposure is estimated at \$3,429,656,
7 Plaintiff and Class Counsel are aware of the risks and the challenges of continued litigation. In
8 recognition of the fact that approximately only 22% of all class actions are successfully certified,
9 Plaintiff discounts the rest period claim, the unpaid wage claims, and the derivative claims by 78%.¹²
10 And given that only a select number of class members were required to use their tools in the
11 performance of their duties, the reimbursement claim is also discounted entirely. Thus, Defendants'
12 realistic exposure is approximately \$1,428,586.

13 38. Upon balancing the strengths of Mr. McArthur's case against the risks associated with
14 continued litigation, I am of the opinion that the Gross Settlement Amount of \$550,00 represents a
15 substantial recovery for a class of 82 individuals under the circumstances. The Gross Settlement
16 Amount of \$550,000 is a reasonable and adequate resolution for the Class, as it represents
17 approximately 16.03% of Defendants' maximum exposure, and 38.50% of Defendants' realistic
18 exposure.

19 39. Assuming the Court approves the full amount of Class Counsel Fees Payment, Class
20 Counsel Litigation Expenses Payment, the Class Representatives Service Awards, and the
21 Administration Expenses Payment, in theory the average recovery for 82 Participating Class Members
22 will be approximately \$3,462.50, with the highest being approximately \$8,780.98 and the lowest

23
24 ¹⁰ Proof of an employer's "good faith belief" that its actions were not violating sections 203 or 226 precludes
25 a finding of a "knowing and intentional violation." *Naranjo v. Spectrum Security Systems, Inc.* (2023) 88
26 Cal.App.5th 937, 949 (*Naranjo IV*), *aff'd*, 15 Cal.5th 1056, 1065 (*Naranjo V*); *see also*, *Choate v. Celite Corp.*
(2013) 215 Cal App.4th 1460, 1468 (holding that "an employer's reasonable, good faith belief that wages are not
owed may negate a finding of willfulness").

27 ¹¹ *See Hendershot v. Ready to Roll Transportation, Inc.* (2014) 228 Cal.App.4th 1213, 1223 (arbitration
28 agreements and class waivers are affirmative defenses, the merits of which should not overlap with the numerosity
analysis.).

¹² *See* notes 7-11, *supra*.

1 being approximately \$67.03.

2 40. In addition, I am of the opinion that the amount allocated to PAGA, \$27,500 (of which
3 \$20,625 will be paid to the LWDA and \$6,875 will be paid to Aggrieved Employees in addition to
4 their respective share of the Net Settlement Amount), is reasonable and appropriate as it represents a
5 payment to the LWDA of 3.75% of the Gross Settlement Amount. The Parties negotiated a good faith
6 amount for PAGA penalties, which was not the product of self-interest at the expense of Class
7 Members.

8 **THE PROPOSED REQUEST FOR ATTORNEYS' FEES AND COST IS REASONABLE**

9 41. At Final Approval, my office, BAKER, BURTON & LUNDY, P.C., ("Class Counsel") will
10 request a fee award of \$192,500, which represents 35% of the Gross Settlement Amount. This fee
11 award will be shared between my office, the Law Office of Richard Kim, P.C., and my previous law
12 firm, BROWN WHITE & OSBORN, LLP.¹³

13 42. Class Counsel has invested significant time and resources into this case solely on a
14 contingent basis. The contingent risks in these types of cases are very real and occur regularly. Class
15 Counsel has prosecuted this action entirely on a contingent basis, investing substantial time and
16 resources with no guarantee of recovery. As of this motion's filing, Class Counsel has incurred
17 \$19,970.14 in litigation costs and will require additional hours to monitor preliminary approval
18 proceedings up to final approval and overseeing settlement administration. The contingent nature of
19 representation in wage and hour class actions presents significant financial risk, as counsel bears
20 responsibility for all necessary enforcement actions should Defendants fail to perform under the
21 Agreement's terms.

22 43. In addition, Class Counsel will request reimbursement of costs not to exceed
23 \$32,000.¹⁴

24
25 ¹³ This case was initially referred to me by attorney Richard Kim of THE LAW OFFICE OF RICHARD KIM,
26 P.C. I initiated this Action on behalf of Mr. McArthur when I was employed by the law firm of BROWN WHITE
27 & OSBORN, LPP. On August 1, 2024, I transitioned to my current law firm, BAKER, BURTON & LUNDY, P.C.
28 "). In light of this transition, my office, Richard Kim's office, and my former law firm all entered into an
amended fee sharing agreement with written consent from Ms. Arthur. This fee sharing agreement includes
reimbursement of costs among all three firms.

¹⁴ See note 13, *supra*.

1 **THE PROPOSED SERVICE AWARDS ARE FAIR AND REASONABLE**

2 44. At Final Approval, Plaintiff will request a Service Award of \$12,500. This amount is to
3 compensate Plaintiff for initiating and providing his services in this Action resulting in this favorable
4 Settlement, *for individually releasing all claims against Defendants, known or unknown*, pursuant to
5 Civil Code Section 1542, which is beyond the releases applicable to other class members, and for
6 delaying the resolution of his individual claims against Defendants.

7 45. Throughout this litigation, Plaintiff has cooperated with Class Counsel and has taken
8 many actions to protect the interests of the Class. Mr. McArthur provided valuable information
9 regarding missed meal and rest periods, unpaid wages, coordinated witness interviews, and informed
10 Class Counsel with developments and information relevant to this Action. The information and
11 documentation provided by Plaintiff were instrumental in establishing the wage and hour violations
12 alleged in this Action, and the recovery provided for in the Settlement would not have been
13 impossible without his participation.

14 46. The service awards are presumably fair and reasonable as they each represent only
15 .86% of the Gross Settlement Amount, and jointly they represent 1.71% of the Gross Settlement
16 Amount. (*See Singer v. Becton Dickinson & Co.* (S.D. Cal. June 1, 2010) 2010 WL 2196104, at *9
17 (awarding \$25,000 to class representative from \$1 Million wage and hour case settlement (2.5% of
18 fund)); *Thieriot v. Celtic Inc. Co.* (N.D. Cal., April 21, 2011) 2011 WL 1522385 at *8 (awarding \$25,000
19 service award from class settlement of \$1.375 Million (1.8% of fund)).)

20 **THE ADMINISTRATOR**

21 47. Attached is a true and correct copy of the Administrator's bid to administer the Settlement
22 and labeled as "Exhibit 3" ("Ex. 3").

23 48. The cost to mail notice to the Class, including a second notice mailing, is approximately
24 \$626.92. (*See Ex. 3.*)

25 49. Neither I nor anyone in my office have an interest or relationship with the Administrator,
26 other than a professional relationship arising out of prior experiences administering class settlements.

27 **NOTICE TO THE LWDA**

28 50. The LWDA is being contemptuously served with a copy of this Settlement, and copies of

1 this Motion for Preliminary Approval and supporting documents.
2

3 I declare under penalty of perjury, under the laws of the State of California, that the foregoing
4 is true and correct, this 11th day of July, 2025, in Hermosa Beach, California.

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6 _____
7 ROLANDO J. GUTIERREZ
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EXHIBIT 1

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Jeremy McArthur (“Plaintiff”) and Defendants Pacific Design Center 1, LLC, Pacific Red, LLC, and Cohen PDC, LLC (“Defendant(s)”) (collectively, the “Parties”).

1. DEFINITIONS.

1.1 “Action” means the Plaintiff’s lawsuit initiated on February 15, 2024, alleging wage and hour violations against Defendants, pending in Superior Court of the State of California, County of Los Angeles, captioned *Jeremy McArthur v. Pacific Design Center 1, LLC*; Los Angeles Superior Court Case No. 24STCV03908.

1.2 “Administrator” means CPT Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4 “Aggrieved Employee” means all current or former non-exempt employee who worked for Defendants during the PAGA Period.

1.5 “Class” means “all current and former non-exempt employees who worked for Pacific Red, LLC, Pacific Design Center 1, LLC, and/or Cohen PDC LLC during the time-period of February 15, 2020 to March 3, 2025.”

1.6 “Class Counsel” means Albro L. Lundy, III, Esq., and Rolando J. Gutierrez, Esq., of the law firm BAKER BURON & LUNDY, P.C.

1.7 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

1.8 “Class Data” means Class Member identifying information in Defendants’ possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

1.9 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).

1.10 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11 “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English, with a Spanish translation, in the form, without material variation, attached hereto as “Exhibit A” and incorporated by reference into this Agreement.

1.12 “Class Period” means the period from February 15, 2020 to March 3, 2025.

1.13 “Class Representative” means Jeremy McArthur, the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15 “Court” means the Superior Court of California, County of Los Angeles.

1.16 “Defendants” mean Pacific Design Center 1, LLC, Pacific Red, LLC, and Cohen PDC, LLC.

1.17 “Defense Counsel” means Sumy Kim, Esq., and J. Cruz Zavala-Garcia, Esq., of the law firm O’HAGAN MAYER.

1.18 “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.19 “Final Approval” means the Court’s order granting final approval of the Settlement.

1.20 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.21 “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22 “Gross Settlement Amount” means Five Hundred Fifty-Thousand Dollars (\$550,000), which is the total amount Defendants agree to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment, and the Administrator’s Expenses. The Gross Settlement Amount does not include employer-side taxes based on the Wage Portion of the Individual Class Payments, as defined in Paragraph 3.2.4.1, which Defendants shall fund separately as set forth in Paragraph 3.1.

1.23 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.24 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25 “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.26 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subdivision (i).

1.27 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subdivision (i).

1.28 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period.

1.31 “PAGA Period” means the period from January 22, 2023, to March 3, 2025.

1.32 “PAGA” means the Private Attorneys General Act (Lab. Code, § 2698 et seq.).

1.33 “PAGA Notice” means Plaintiff’s January 22, 2024, letter to Defendants and the LWDA providing notice pursuant to Labor Code section 2699.3, subdivision (a).

1.34 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount in the amount of \$27,500, of which 25% (\$6,875) to be allocated to the Aggrieved Employees, and the 75% (\$20,625) to LWDA, in settlement of PAGA claims.

1.35 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36 “Plaintiff” means Jeremy McArthur, the named plaintiff in the Action.

1.37 “Preliminary Approval” means the Court’s Order Granting Preliminary

Approval of the Settlement.

1.38 “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.40 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.41 “Released Parties” means Defendants and each of their former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, and assigns.

1.42 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43 “Response Deadline” means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email or mail Requests for Exclusion from the Settlement, or (b) fax, email or mail his, her, or their Objection to the Settlement. Class Members to whom Notice Packets are re-sent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

1.44 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.45 “Void Date” means the date upon which checks for the Individual Class Payments and the Individual PAGA Payments will be voided, as set forth Paragraph 4.4.1 below.

1.46 “Workweek” means any week during which a Class Member worked for Defendants for at least one day, during the Class Period.

2. RECITALS.

2.1 On February 18, 2025, Plaintiff commenced this Action by filing a class action complaint alleging causes of action against Defendants for (1) Failure to Pay Minimum Wages; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Provide Rest Periods; (5) Failure to Indemnity; (6) Failure to Provide Accurate Wage Statements; (7) Failure to Pay Earned Wages Upon Separation; and (8) Unfair Competition and Unlawful Business Practices.

2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice on January 22, 2024.

2.3 On April 9, 2024, Plaintiff filed a first amended class action complaint as a matter of right alleging an PAGA cause of action.

2.4 Pursuant to a stipulated order, Plaintiff filed a second amended class action complaint alleging additional facts, which is the operative complaint in the Action (the “Operative Complaint”).

2.5 Defendants deny the allegations in both the Operative Complaint and the PAGA Notice, deny any failure to comply with the laws identified therein, and deny any and all liability for the causes of action alleged.

2.6 On February 18, 2025, the Parties participated in an all-day mediation presided over by professional neutral, Michael D. Young, Esq., of Judicate West, which led to this Agreement to settle the Action.

2.7 Prior to mediation, Plaintiff obtained, through informal discovery, copies of applicable employee handbooks and collective bargaining agreements setting forth Defendants’ policies and procedures, time punch and payroll data, and Plaintiff’s personnel records. Plaintiff retained an expert to expert to combine, clean, and created analyzable datasets of the time and payroll data in advance of mediation. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.8 The Court has not granted class certification in this Action.

2.9 The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. **MONETARY TERMS.**

3.1 **Gross Settlement Amount.** Except as otherwise provided by Paragraph 8 below, Defendants agree to pay \$550,000.00 and no more as the Gross Settlement Amount, and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendants have no obligation to pay the Gross Settlement Amount or any payroll taxes prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1 **To Plaintiff:** Class Representative Service Payment to the Class

Representative of not more than \$12,500 in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member. Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing, or by any other date as may be ordered by the Court. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 **To Class Counsel:** A Class Counsel Fees Payment of not more than 35%, which is currently estimated to be \$192,500, and a Class Counsel Litigation Expenses Payment of not more than \$32,000. Defendants will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing, or by any other date as may be ordered by the Court. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendants harmless and indemnifies Defendants from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 **To the Administrator:** An Administrator Expenses Payment not to exceed \$8,500 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less, or the Court approves payment less than \$8,500, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 **To Each Participating Class Member:** An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1 **Tax Allocation of Individual Class Payments.** 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to employee tax withholding and will be reported on an IRS W-2 Form. The 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for non-wages such as interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not

subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$27,500 to be paid from the Gross Settlement Amount, with 75% (\$20,625) allocated to the LWDA PAGA Payment and 25% (\$6,875) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$6,875) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records as of February 18, 2025, Defendants estimate there are 82 Class Members who collectively worked a total of 5,848 Workweeks, and 44 Aggrieved Employees who worked a total 3,218 of PAGA Pay Periods.

4.2 Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator in Excel or CSV format. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. Defendants shall fully fund the Gross

Settlement Amount, and also fund the amounts necessary to fully pay Defendants' share of payroll taxes, by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within 14 days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the Void Date, but not less than 180 days after the date of mailing. The Administrator will cancel all checks not cashed by the Void Date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without United States Postal Service ("USPS") forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the Void Date.

4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the Void Date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of Code of Civil Procedure section 384, subdivision (b).

4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond

those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Defendants fully fund the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiff's Release. Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge Released Parties from all claims, transactions or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under Paragraph 5.2, below. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that he may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 Plaintiff's Waiver of Rights Under Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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.

5.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Unfair Competition and Unlawful Business Practices (CAL. BUS. & PROF. CODE § 17200, *et seq.*). Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination,

violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

5.3 Release by Aggrieved Employees: All Participating and Non-Participating Class Members who are Aggrieved Employees 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 claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Penalties Pursuant to the Private Attorney General Act (CAL. LAB. CODE §§ 2699, *et. seq.*, 210, and 558).

6. MOTION FOR PRELIMINARY APPROVAL. The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

6.1 Defendants' Declaration in Support of Preliminary Approval. Within 5 days of the full execution of this Agreement, Defendants will prepare and deliver to Class Counsel a signed Declaration, or signed Declarations, from Defendants and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their Declarations, Defense Counsel and Defendants shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code section 2699, subdivision (f)(2); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, or the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code, § 2699.3, subd. (a))), Operative Complaint (Lab. Code, § 2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2)); (vi) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members or

the Administrator. In their Declarations, Plaintiff and Class Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.3 **Responsibilities of Counsel.** Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.4 **Duty to Cooperate.** If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. **SETTLEMENT ADMINISTRATION.**

7.1 **Selection of Administrator.** The Parties have jointly selected CPT Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, CPT Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

7.2 **Employer Identification Number.** The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

7.3 **Qualified Settlement Fund.** The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

7.4 **Notice to Class Members.**

7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks and Pay Periods in the Class Data.

7.4.2 Using best efforts to perform as soon as possible, and in no event later than [14] days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class USPS mail, the Class Notice with

Spanish translation substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3 Not later than 3 business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5 If the Administrator, Defendants, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her/their representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's

desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 **Challenges to Calculation of Workweeks.** Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel, along with the Administrator's determination of the challenges.

7.7 **Objections to Settlement.**

7.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present oral objections at the Final Approval Hearing. A Participating Class Member who elects to send a written

objection to the Administrator must do so not later than 45]days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

7.8 **Administrator's Duties.** The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

7.8.1 **Website, Email Address, and Toll-Free Number.** The Administrator will establish, maintain, and use an internet website to post information of interest to Class Members including the date, time, and location for the Final Approval Hearing, and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes, and emails.

7.8.2 **Requests for Exclusion (Opt-outs) and Exclusion List.** The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.8.3 **Weekly Reports.** The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.8.4 **Workweek and/or Pay Period Challenges.** The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.5 **Administrator's Declaration.** Not later than 14 days before the

date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or as requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.8.6 **Final Report by Settlement Administrator.** Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. CLASS SIZE ESTIMATES AND ESCALATOR CLAUSE. Based on its records, Defendants estimates that, as of the date of February 18, 2025, (1) there are 82 Class Members and 5,848 Total Workweeks during the Class period. If actual workweeks exceed the represented amount by more than 10%, Defendants agree to increase the Gross Settlement Amount on a proportional basis (i.e., if there is a 12% increase in the number of workweeks, Defendants shall increase the GSA by 2%), or have the release period end on the date when the 10% is reached.

9. DEFENDANTS' RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendants may, but are not obligated to, elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be void *ab initio*, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement. If Defendants exercise this right to withdraw, they shall remain responsible for paying all Settlement Administration Expenses incurred up to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel. Late elections will have no effect.

10. MOTION FOR FINAL APPROVAL. Not later than [16] court days before the calendared Final Approval Hearing, or by any other date as may be ordered by the Court, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subdivision (l), a Proposed Final Approval Order, and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to

resolve any disagreements concerning the Motion for Final Approval.

10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment as set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit a proposed amended judgment to the Court.

12. ADDITIONAL PROVISIONS.

12.1 No Admission of Liability, Class Certification, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted, nor should it be intended or construed as an admission by Plaintiff that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendants, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency or other entity except: (1) to the Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants, and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4 **Integrated Agreement.** Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

12.5 **Attorney Authorization.** Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

12.6 **Cooperation.** The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

12.7 **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 any portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

12.8 **No Tax Advice.** Neither Plaintiff, Class Counsel, Defendants, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.9 **Modification of Agreement.** This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.

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

12.11 **Applicable Law.** All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.

12.12 **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

12.13 **Confidentiality.** To the extent permitted by law, all agreements made and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

12.14 **Use and Return of Class Data.** Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants 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 California Rules of Court rule. 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, Plaintiff shall destroy all paper and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants make a written request to Class Counsel for the return, rather than the destruction, of Class Data.

12.15 **Headings.** The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

12.16 **Calendar Days.** Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

12.17 **Notice.** All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

Class Counsel	Defense Counsel
Albro L. Lundy III, Esq. albro@bakerburtonlundy.com Rolando J. Gutierrez, Esq. rolando@bakerburtonlundy.com BAKER BURTON & LUNDY, P.C. 515 Pier Avenue Hermosa Beach, CA 90254 Tel: (310) 376-9893 Fax: (310) 376-7483	Sumy Kim, Esq. skim@ohaganmeyer.com J. Cruz Zavala-Garcia, Esq. czavala@ohaganmeyer.com O'HAGAN MEYER One Embarcadero, Ste. 2100 San Francisco, CA 94111 Tel. (415) 604-0124

12.18 **Execution in Counterparts.** This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.19 **Stay of Litigation.** The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

DATED: Apr 27, 2025

By: 
Jeremy McArthur
Plaintiff and Putative Class Representative

DATED: _____

By: _____
Steven M. Cherniak, COO, *for*
Defendant Pacific Design Center 1, LLC

DATED: _____

By: _____
Steven M. Cherniak, COO, *for*
Defendant Pacific Red, LLC

DATED: _____

By: _____
Steven M. Cherniak, COO, *for*
Defendant Cohen PDC, LLC

DATED: April 28, 2025

BAKER BURTON & LUNDY, P.C.

By: 
ALBRO L. LUNNEY, III
ROLANDO J. GUTIERREZ
Attorneys for Plaintiff

DATED: _____

O'HAGAN MEYER

By: _____
SUMY KIM
Attorneys for Defendants

12.19 **Stay of Litigation.** The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

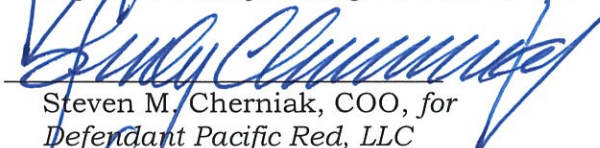
DATED: 6/30/25

By: _____
Jeremy McArthur
Plaintiff and Putative Class Representative

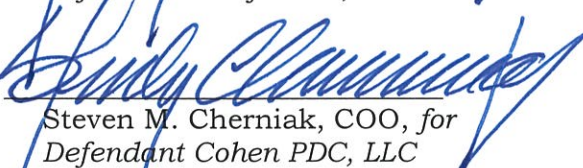
DATED: 6/30/25

By: 
Steven M. Cherniak, COO, for
Defendant Pacific Design Center 1, LLC

DATED: 6/30/25

By: 
Steven M. Cherniak, COO, for
Defendant Pacific Red, LLC

DATED: 6/30/25

By: 
Steven M. Cherniak, COO, for
Defendant Cohen PDC, LLC

DATED: _____

BAKER BURTON & LUNDY, P.C.

By: _____
ALBRO L. LUNDY, III
ROLANDO J. GUTIERREZ
Attorneys for Plaintiff

DATED: _____

O'HAGAN MEYER

By: _____
SUMY KIM
Attorneys for Defendants

EXHIBIT A

**COURT APPROVED NOTICE OF CLASS ACTION AND PAGA SETTLEMENT AND HEARING
DATE FOR FINAL COURT APPROVAL**

Jeremy McArthur v. Pacific Design Center 1, LLC
Los Angeles Superior Court Case Number 24STCV03908

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 class action lawsuit (“Action”) against Pacific Design Center 1, LLC, Pacific Red, LLC, and Cohen PDC, LLC (“Defendants”) alleging wage and hour violations. The Action was filed by former employee Jeremy McArthur (“Plaintiff”) and seeks payment of (1) unpaid back wages and related penalties for a class of non-exempt hourly employees (“Class Members”) who worked for Defendants during the Class Period of February 15, 2020 to March 3, 2025; and (2) civil penalties under the California Private Attorneys General Act (“PAGA”) for all current and former hourly employees of Defendants who worked during the “PAGA Period” of January 22, 2023, to March 3, 2025 (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendants to fund Individual Class Payments, and (2) a PAGA Settlement requiring Defendants to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Your Individual Class Payment is estimated to be \$ [REDACTED] (less withholdings) and your Individual PAGA Payment is estimated to be \$ [REDACTED]. The actual amount you may receive will likely be different and will depend on a number of factors, which are explained in more detail in **Section 4.E.** of this Notice. The above estimates are based on Defendants’ records that show you worked [REDACTED] **workweeks** during the Class Period and [REDACTED] **pay periods** during the PAGA Period.

While the Court has already preliminarily approved the Settlement, it has not yet decided whether to grant final approval of the Settlement. **A final approval hearing (“Final Approval Hearing”) regarding the Settlement will be held on [REDACTED], 2025 at [REDACTED] a.m./p.m. at the Los Angeles Superior Court of the State of California, Department 14, located at 312 North Spring Street, Los Angeles, California 90012.** The Court will determine at the hearing whether the Settlement is fair, reasonable, and adequate, whether to enter a judgment that requires Defendants to make payments under the Settlement and requiring Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendants. The Court will also decide how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”).

Read this Notice carefully. You will be deemed to have carefully read and understood it. Your legal rights are affected whether you act or not.

If you worked for any of the Defendants during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don’t have to do anything to participate in the Settlement to be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a “Participating Class Member,” though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendants.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from (opt out of) the Class Settlement by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt out of the Class Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendants, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt out of the PAGA Settlement.

Defendants will not retaliate against you for any actions you take with respect to the Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	If you do nothing, you will be a “Participating Class Member,” eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendants that are covered by this Settlement (Released Claims).
YOU CAN OPT OUT OF THE CLASS ACTION SETTLEMENT BUT NOT THE PAGA SETTLEMENT THE OPT-OUT DEADLINE IS	If you do not want to fully participate in the Settlement and wish to fully retain your rights to pursue the non-PAGA Labor Code claims at issue in the Action, you can opt out of the Class Settlement by sending the Administrator (defined in Section 4.B., below) a written Request for Exclusion (defined in Section 5.C., below). Once excluded, you will be a “Non-Participating Class Member” who is no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the Settlement. If you opt out of the Class Settlement, your share of the non-PAGA Settlement proceeds may be divided up amongst the Participating Class Members. See Section 5.C. of this Notice. If you are an Aggrieved Employee, legally you cannot opt out of the PAGA Settlement. Defendants must pay the Individual PAGA Payments to all Aggrieved Employees and all Aggrieved Employees give up their rights as a matter of law to pursue PAGA claims during the PAGA Period.
PARTICIPATING CLASS MEMBERS CAN OBJECT TO THE CLASS SETTLEMENT BUT NOT THE PAGA SETTLEMENT WRITTEN OBJECTIONS MUST BE SUBMITTED BY	Any Participating Class Members may object to any aspect of the Class Settlement but not the PAGA Settlement. The Court’s decision whether to grant final approval of the Settlement will include a determination of how much will be paid to Plaintiff and to Class Counsel who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, however, every dollar paid to them reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Plaintiff and/or Class Counsel if you think they are unreasonable. See Section 5.D. of this Notice.
YOU CAN PARTICIPATE IN THE FINAL APPROVAL HEARING, SCHEDULED FOR	The Court’s Final Approval Hearing is scheduled to take place on . You do not have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone, or by using the Court’s virtual appearance platform. See Section 6.A. of this Notice.

**YOU CAN
CHALLENGE THE
CALCULATION OF
YOUR
WORKWEEKS/PAY
PERIODS**

**WRITTEN
CHALLENGES MUST
BE SUBMITTED BY**

The amount of your Individual Class Payment and Individual PAGA Payment (if any) depend on how many workweeks you worked during the Class Period and how many pay periods you worked during the PAGA Period, respectively.

The number of workweeks in the Class Period and the number of pay periods in the PAGA Period you worked according to Defendants' records are stated on the first page and on **Section 4.E.** of this Notice. If you disagree with either of these numbers, you may submit a challenge by **Section 5.B.** of this Notice. Any dispute as to the number of workweeks and/or pay periods must be in writing. The Administrator will investigate and determine if the dispute appears to be valid. Defendants' records will be presumed accurate so you must include proof substantiating your dispute.

1. WHAT IS THE PURPOSE OF THIS NOTICE?

Plaintiff and Defendants have reached a settlement of a class action involving non-exempt employees who worked for Defendants at the Pacific Design Center located in West Hollywood, California, whether in the "Green Building," the "Blue Building," or the "Red Building," during any time between February 15, 2020, to March 3, 2025. Defendants' records indicate that you are a Class Member covered by this settlement. Judge Kenneth R. Freeman of the Los Angeles County Superior Court of the State of California is overseeing the Action. Plaintiff is represented by Class Counsel, namely, Albro L. Lundy II, Esq., and Rolando J. Gutierrez, Esq., of BAKER, BURON & LUNDY, P.C.

2. WHAT IS THE ACTION ABOUT?

Plaintiff initiated this Action in the Los Angeles Superior Court entitled *Jeremy McArthur v. Pacific Design Center 1, LLC*, Los Angeles Superior Court Case No. 24STCV03908, and it alleges that Defendants violated California labor laws and the related Industrial Wage Order by failing to pay minimum wages, overtime and double time wages, wages due upon termination, reimbursable expenses, and by failing to provide rest breaks, meal periods, and accurate itemized wage statements. Based on these same claims, Plaintiff has also asserted a claim for civil penalties under PAGA (California Labor Code §§ 2698, *et seq.*)

You can read Plaintiff's allegations as stated in the "Operative Complaint," which is available at **[Administrator's website]**.

Defendants deny all liability and believe that they have strong legal and factual defenses against these claims. Defendants contend that their conduct is and has been lawful and that Plaintiff's claims lack merit and fail to meet the requirements for class certification. However, Defendants acknowledge the risks and costs of litigation and have decided to settle this matter.

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

The Court has not decided whether Plaintiff or Defendants are correct on the merits. Plaintiff and Defendants reached a settlement by mediating this Action with an experienced neutral mediator 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. By signing a lengthy written settlement agreement (the "Settlement Agreement") and agreeing to jointly ask the Court to enter judgment ending the Action and enforcing the terms of the Settlement Agreement, Plaintiff and Defendants have negotiated a settlement that is subject to the Court's final approval. Both sides agree the proposed settlement is a compromise of

disputed claims. By agreeing to settle, Defendants do not admit any violations or concede the merits of any of Plaintiff's claims.

Plaintiff and Class Counsel strongly believe that the Settlement is a good deal for you because they believe that: (a) Defendants have agreed to pay a fair, reasonable, and adequate amount considering the strengths of the claims and the risks and uncertainties of continued litigation; and (b) settlement is in the best interests of the Class Members and the Aggrieved Employees. The Court preliminarily approved the Settlement as fair, reasonable, and adequate, authorized this Notice, and has scheduled a hearing to determine final approval.

4. TERMS OF THE SETTLEMENT.

A. How Much Is The Settlement And Who Is Paying It?

Defendants have agreed to pay \$550,000.00 (the "Gross Settlement Amount") to settle all the claims of Plaintiff, Class Members, and Aggrieved Employees. The Gross Settlement Amount will be deposited into an account controlled by and administrator of the Settlement ("Administrator"). The Administrator will use the Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, payment to Plaintiff for initiating the Action and providing services in support of the Action (the "Class Representative Service Payment"), Class Counsel's fees and litigation expenses, the expenses incurred by the Administrator to effectuate the Settlement, and penalties required to be paid to the California Labor and Workforce Development Agency ("LWDA").

B. Who Is The Administrator And What Does It Do?

The Court has appointed the neutral company, CPT Group, Inc., as the Administrator to administer the Settlement, including sending this Notice, calculating and making payments, and processing any Class Member's Request for Exclusion. The Administrator will also decide on Class Member workweeks and/or pay periods challenges, mail and re-mail settlement checks and tax forms, and perform any other tasks necessary to administer the Settlement.

C. What Will The Gross Settlement Amount Pay?

At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement Amount, the final amounts for which will be decided by the Court at the Final Approval Hearing:

- i. Class Counsel's Fees and Litigation Expenses.** Up to \$192,500.00 (which represents thirty-five percent (35%) of the Gross Settlement Amount) to Class Counsel for attorneys' fees, and up to \$32,000 for Class Counsel's litigation expenses. To date, Class Counsel has worked and incurred expenses in and for the Action without payment.
- ii. Class Representative Service Payments.** Up to \$12,500 to Plaintiff as a Class Representative Service Payment for filing the Action, working with Class Counsel, and representing the Class. This amount is in addition to Plaintiff's respective Individual Class Payment and Individual PAGA Payment.
- iii. Administrative Expenses.** Up to \$8,500 to the Administrator for its services to administer the Settlement.
- iv. PAGA Allocation.** Up to \$27,500.00 for PAGA penalties, of which seventy-five percent (75%) (*i.e.*, \$20,625) shall be remitted to the LWDA as the LWDA PAGA payment and the remaining twenty-five percent (25%) (*i.e.*, \$6,875) shall be distributed to Aggrieved Employees based on their PAGA Period pay periods.

After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement Amount to Class Members (the "Net Settlement Amount"). Any

Participating Class Member has the right to object to any portion of these deductions. The Court will consider all objections.

D. How Will The Net Settlement Amount Be Distributed Among The Participating Class Members?

The Net Settlement Amount of at least \$277,000 will be distributed as follows:

i. Individual Class Payments.

The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of workweeks worked by each individual Participating Class Member.

ii. The Individual PAGA Payments.

The Administrator will also calculate the Individual PAGA Payments by (a) dividing \$6,875.00 by the total number of PAGA pay periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period pay periods worked by each individual Aggrieved Employee.

iii. Taxes Treatment of Payments to the Class Members.

Plaintiff and Defendants are requesting the Court to approve an allocation of 20% of each Individual Class Payment toward taxable wages (the “Wage Portion”) and the remaining 80% towards penalties and interest (the “Non-Wage Portion”). The Wage Portion is subject to withholdings, as reported on IRS W-2 Forms, which will pay all applicable employee tax withholdings. Defendants will separately pay employer payroll taxes it owes on the Wage Portion, including employer FICA, FITA, and SDI contributions. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Defendants have agreed to this allocation, neither side is giving you any advice on whether your Individual Class Payment and/or Individual PAGA Payment are taxable and how much you might owe in taxes. You should consult with a tax advisor concerning the tax consequences of the payments you receive under the Settlement.

E. What Will My Approximate Recovery Be?

Based on Defendants’ records, and the parties’ current assumptions, **your Individual Class Payment is estimated to be \$ (less withholding) and your Individual PAGA Payment is estimated to be \$**. The actual amount you may receive will likely be different and will depend on a number of factors, including (i) the number of Class Members who ultimately participate in the Settlement; (ii) the ultimate costs of providing notice and administrating the Settlement; and (iii) the amount that the Court ultimately awards with respect to the Class Representative Service Payment, Class Counsel’s fees and litigation expenses, and Administrator expenses. If no amount is stated for your Individual PAGA Payment, then according to Defendants’ records, you are not eligible for an Individual PAGA Payment under the Settlement because you did not work during the PAGA Period.

The above estimates are based on Defendants’ records that show **you worked workweeks** during the Class Period and **you worked pay periods** during the PAGA Period. If you believe that you worked more workweeks during the Class Period or you worked more pay periods during the PAGA Period, you can submit a challenge by the deadline date indicated in **Section 5.B.** of this Notice.

F. What Claims Would I Be Releasing If I Do Not Opt Out Of The Settlement?

i. The Participating Class Members’ Release.

Upon final approval of the Settlement and when Defendants have fully funded the Gross Settlement

Amount (and separately paid the employer-side payroll taxes), each Class Member who has not opted out of the Class Settlement (*i.e.*, each Participating Class Member) will be legally barred from asserting any of the claims released under the Settlement. This means that, unless you have opted out by submitting a valid and timely Request for Exclusion, you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or related entities for wages based on the Class Period facts or for PAGA penalties based PAGA Period facts, as alleged in the Operative Complaint. The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Unfair Competition and Unlawful Business Practices (CAL. BUS. & PROF. CODE § 17200, *et seq.*). Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

Except as further provided in **Section 4.F.ii.** of this Notice, Participating Class Members (aside from Plaintiff) do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

ii. Aggrieved Employees' PAGA Release.

Upon final approval of the Settlement and when Defendants have fully funded the Gross Settlement Amount (and separately paid the employer-side payroll taxes), Aggrieved Employees shall also be bound by the release of any claims for civil penalties under section 2699 *et seq.* of the California Labor Code that were or could have been alleged in the Operative Complaint, even if they formally opted out of the Class Settlement and are no longer bound by the other provisions of the above release that are not claims for civil penalties under section 2699 *et seq.* This means that all Aggrieved Employees (including Non-Participating Class Members) cannot sue, continue to sue, or participate in any other PAGA claim against Defendants or their related entities based on the PAGA Period facts alleged in the Operative Complaint. The Aggrieved Employees will be bound by the following release:

All Participating and Non-Participating Class Members who are Aggrieved Employees 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 claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. §

11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Penalties Pursuant to the Private Attorney General Act (CAL. LAB. CODE §§ 2699, *et. seq.*, 210, and 558).

G. The Settlement Is Subject To Court Approval And Will Be Void If The Court Denies Final Approval.

It is possible that the Court will decline to grant final approval of the Settlement or decline to enter judgment on its order granting final approval. It is also possible that the Court will enter a judgment on its order granting final approval that is subsequently reversed on appeal. Plaintiff and Defendants have agreed that, in either case, the Settlement will be void, meaning that Defendants will not pay any money and Class Members will not release any claims against Defendants.

5. YOUR RIGHTS AND OPTIONS.

A. How Will I Get Paid?

For every Participating Class Member (*i.e.*, every Class Member who does not opt-out), the Administrator will send, by U.S. Mail, an Individual Class Payment Check, and a separate Individual PAGA Payment check to those who qualify as Aggrieved Employees. For every Non-Participating Class Member (*i.e.*, every Class Member who opted out of the Class Settlement) who qualify as Aggrieved Employees, the Administrator will send, by U.S. Mail, a single Individual PAGA Payment check.

The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check(s) expires (the void date). If you do not negotiate the check(s) by the void date, your check(s) will be automatically cancelled. Any unclaimed funds from any uncashed checks, plus any interest thereon, shall be distributed to the California State Controller's Unclaimed Property Fund in the names of the Participating Class Members and/or Aggrieved Employees.

Your check(s) will be sent to the same address as indicated on this Notice. If you change your address (or want your check sent to a different address), please be sure to notify the Administrator as soon as possible. Sections 5.B. and 7. of this Notice have the Administrator's contact information.

B. Can I Dispute The Number Of Weeks Or Pay Periods Defendants Claim I Worked?

Yes. If you disagree with the number of workweeks and/or PAGA Period pay periods reported for you in Defendants' records, you may file a written dispute with the Administrator by [REDACTED], 2025. You can submit your challenge by signing and sending a letter to the Administrator via mail, email, or fax to the Administrator at the following address:

[REDACTED] CLASS ACTION ADMINISTRATOR
[Administrator]
[Address, telephone, and fax]

The Administrator's contact information is also provided below, Section 7.

Any dispute submitted to the Administrator as to the number of workweeks and/or pay periods must be in writing and include proof supporting your dispute. In the absence of any contrary documentation, the Administrator is entitled to presume that the workweeks and pay periods contained in this Notice are correct so long as they are consistent with the Class Data. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve the workweek and/or pay period challenges based on your submission and input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defense Counsel. The Administrator's determination is final and binding.

You cannot appeal or otherwise challenge the Administrator's final decision.

Do not contact the court to dispute the calculation of your Class Period workweeks and/or PAGA Period pay periods.

C. Can I Opt Out Of The Settlement?

Yes, but **only** to the Class Settlement. You cannot opt out of the PAGA Settlement.

You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing that you wish to opt out of the Class Settlement. The easiest way to notify the Administrator that you request to be excluded from the Class Settlement is by submitting the "Request for Exclusion" form provided in this Notice by [REDACTED]. The Request for Exclusion form should be submitted by you, or your representative, and it must (a) include your name, the last four digits of your social security number, and your signature; and (b) indicate that you desire to exclude yourself from the Class Settlement. Excluded Class Members (*i.e.*, Non-Participating Class Members) will not receive Individual Class Payments but will preserve their rights to personally pursue wage-and-hour claims against Defendants. If you submit a timely and valid Request for Exclusion, as determined by the Administrator, you will be ineligible to object to any aspect of the Settlement.

You cannot opt out of the PAGA Settlement. Class Members who exclude themselves from the Class Settlement (*i.e.*, Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendants based on the PAGA Period facts alleged in the Action.

If you opt out of the Class Settlement, your share of the non-PAGA Settlement proceeds may be divided up amongst the Participating Class Members.

D. Can I Object To The Settlement?

Yes, but **only** as to the Class Settlement **and only if** you do not opt out of the Class Settlement. If you do not wish to opt out of the Class Settlement but disagree with any portion of the Class Settlement, you have the right to file an objection. If you opt out of the Class Settlement, you will be ineligible to object to any portion of the Class Settlement.

If you do not opt out of the Class Settlement, you can object to the Class Settlement and you can give reasons for why you think the Court should not approve it. The Court will consider your position. Your objection must state, in writing, the specific reason for your objection, including any legal support, as well as your full legal name, date of birth, and the dates you worked as a non-exempt employee of Defendants and must be mailed, faxed, or emailed to the Administrator no later than [REDACTED]. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court at their own expense) to present verbal objections at the Final Approval Hearing.

Whether or not you object to or opt out of the Class Settlement, you may not object to the PAGA Settlement for any reason. This means that, if you qualify as an Aggrieved Employee, you will automatically be bound by the PAGA Settlement and related release.

E. What If I Do Nothing?

If you do nothing, you will receive your Individual Class Payment and/or Individual PAGA Payment, if any, from the Net Settlement Amount but only *if* and *after* the Court grants final approval. If you do not cash your settlement check(s), you will still be bound by all the terms of the Settlement, including the waivers and releases discussed in **Sections 4.F.i. and 4.F.ii.**, and you will be prevented from suing Defendants or participating in any other litigation or class action relating to the matters being settled in this Action within the Class Period.

6. FINAL APPROVAL OF SETTLEMENT

A. How And When Will The Court Provide Final Approval Of The Settlement?

The Los Angeles Superior Court of the State of California will hold a Final Approval Hearing on [REDACTED], 2025, at [REDACTED] a.m./p.m., in Department 14, located at 312 North Spring Street, Los Angeles, CA 90012, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve the Class Representative Service Payment, Class Counsel's fees and litigation expenses, and the expenses incurred by the Administrator to effectuate the Settlement. Though your attendance is not required, you may attend (or hire a lawyer to attend at your own expense) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>).

Before making a decision, the Court will invite comments from Class Members who have submitted written objections, Class Counsel, Defense Counsel, and Participating Class Members who appear in Court (or hire a lawyer to appear on their behalf) to present verbal objections. In general, the Court will hear from any Participating Class Member who attends the Final Approval Hearing and asks to speak regarding his or her objection.

It is possible the Court may reschedule the Final Approval Hearing. You should check the Administrator's website [REDACTED] beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

B. When Will I Get My Settlement Check(s)?

If there are no appeals to the Court's order granting final approval of the Settlement, the check(s) representing the Individual Class Payment and/or Individual PAGA Payment will be mailed out approximately [REDACTED] days after the Court enters judgment on its order granting final approval of the Settlement.

7. GETTING MORE INFORMATION.

This Notice does not contain all the terms of the Settlement or all of the details of these proceedings. For more detailed information, you may refer to the underlying documents and papers on file with the Court.

You may also visit the Administrator's website at [Administrator's website] to find specific documents related to this case and be able to access the Notice and other forms. There is no charge to view the documents on this website.

You may also contact Class Counsel or the Administrator for information about this Action:

Class Counsel for Plaintiff and the Settlement Class	The Administrator
Albro Lundy III, Esq. albro@bakerburtonlundy.com Rolando J. Gutierrez, Esq. rolando@bakerburtonlundy.com BAKER BURTON & LUNDY, P.C. 515 Pier Avenue Hermosa Beach, California 90254 Tel: (310) 376-9893 Fax: (310) 376-7483	[Name] [Address]

DO NOT TELEPHONE, WRITE, OR OTHERWISE CONTACT THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

REQUEST FOR EXCLUSION

Jeremy McArthur v. Pacific Design Center 1, LLC
Los Angeles Superior Court Case Number 24STCV03908

I, [Class Member], want to OPT-OUT of the Class in the lawsuit entitled *Jeremy McArthur v. Pacific Design Center 1, LLC*, Los Angeles Superior Court Case No. 24STCV03908. I understand that, by excluding myself from the Class, I will neither receive an Individual Class Payment, as described in the accompanying Class Notice, nor have the right to object to the Class Settlement. Additionally, if I am an Aggrieved Employee entitled to an Individual PAGA Payment, I understand that I am not excluding myself from the PAGA Settlement and that I will receive an Individual PAGA Payment.

Signature

Date

Print Name of Class Member or
Representative

Last Four Digits of
Social Security Number

**TO BE EFFECTIVE, PLEASE RETURN THIS TO THE ADMINISTRATOR BY [DATE] AT THE
FOLLOWING ADDRESS:**

[Insert name and address of administrator]

EXHIBIT 2

~~[MODEL]~~ CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between ~~plaintiff~~ Plaintiff Jeremy McArthur (“Plaintiff”) and ~~defendant~~ “XYZ”. ~~The Agreement refers to Plaintiff~~ Defendants Pacific Design Center 1, LLC, Pacific Red, LLC, and XYZ-Cohen PDC, LLC (“Defendant(s))” (collectively ~~as, the~~ “Parties,” or individually as “Party.”).

1. DEFINITIONS.

1.1 “Action” means the Plaintiff’s lawsuit initiated on February 15, 2024, alleging wage and hour violations against ~~XYZ captioned~~ initiated on ~~and Defendants,~~ pending in Superior Court of the State of California, County of Los Angeles, captioned Jeremy McArthur v. Pacific Design Center 1, LLC; Los Angeles Superior Court Case No. 24STCV03908.

1.2 “Administrator” means CPT Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4 “Aggrieved Employee” means ~~[e.g., a person employed by XYZ in California and classified as a~~ all current or former non-exempt employee who worked for ~~XYZ~~ Defendants during the PAGA Period~~].~~

1.5 “Class” means ~~[define class, e.g., “all persons employed by XYZ in California~~ current and classified as ~~former non-exempt employees~~ who worked for ~~XYZ~~ Pacific Red, LLC, Pacific Design Center 1, LLC, and/or Cohen PDC LLC during the ~~Class Period]~~ time-period of February 15, 2020 to March 3, 2025.”

1.6 “Class Counsel” means Albro L. Lundy, III, Esq., and Rolando J. Gutierrez, Esq., of the law firm BAKER BURON & LUNDY, P.C.

~~1.6~~ 1.7 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

~~1.7~~ 1.8 “Class Data” means Class Member identifying information in ~~XYZ’s~~ Defendants’ possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

~~1.8~~ 1.9 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).

~~1.9~~1.10 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

~~1.10~~1.11 “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English~~1.~~ with a Spanish translation, ~~if applicable~~ in the form, without material variation, attached hereto as “Exhibit A” and incorporated by reference into this Agreement.

~~1.11~~1.12 “Class Period” means the period from February 15, 2020 to March 3, 2025.

~~1.12~~1.13 “Class Representative” means Jeremy McArthur, the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

~~1.13~~1.14 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

~~1.14~~1.15 “Court” means the Superior Court of California, County of Los Angeles.

~~1.15~~ “XYZ” means named Defendant _____.

~~1.16~~ “Defendants” mean Pacific Design Center 1, LLC, Pacific Red, LLC, and Cohen PDC, LLC.

~~1.16~~1.17 “Defense Counsel” means Sumy Kim, Esq., and J. Cruz Zavala-Garcia, Esq., of the law firm O’HAGAN MAYER.

~~1.17~~1.18 “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

~~1.18~~1.19 “Final Approval” means the Court’s order granting final approval of the Settlement.

~~1.19~~1.20 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.201.21 “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.211.22 “Gross Settlement Amount” means \$ Five Hundred Fifty-Thousand Dollars (\$550,000), which is the total amount ~~XYZ agrees~~ Defendants agree to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment ~~and the Administrator’s Expenses, and the Administrator’s Expenses. The Gross Settlement Amount does not include employer-side taxes based on the Wage Portion of the Individual Class Payments, as defined in Paragraph 3.2.4.1, which Defendants shall fund separately as set forth in Paragraph 3.1.~~

1.221.23 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.231.24 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.241.25 “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.251.26 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subdivision (i).

1.261.27 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subdivision (i).

1.271.28 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.281.29 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.291.30 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for ~~XYZ~~ Defendants for at least one day during the PAGA Period.

1.301.31 “PAGA Period” means the period from January 22, 2023, to March 3, 2025.

1.311.32 “PAGA” means the Private Attorneys General Act (Lab. Code, § 2698 et seq.).

1.321.33 “PAGA Notice” means Plaintiff’s January 22, 2024.

letter to ~~XYZ Defendants~~ and the LWDA ~~[and Plaintiffs]~~ ~~letter to XYZ and the LWDA]~~ providing notice pursuant to Labor Code section 2699.3, subdivision (a).

~~1.33~~1.34 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, in the amount of \$27,500, of which 25% (\$6,875) to be allocated ~~25%~~ to the Aggrieved Employees ~~(_____)~~, and the 75% (\$20,625) to LWDA ~~(_____)~~, in settlement of PAGA claims.

~~1.34~~1.35 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

~~1.35~~1.36 “Plaintiff” means Jeremy McArthur, the named plaintiff in the Action.

~~1.36~~1.37 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

~~1.37~~1.38 “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

~~1.38~~1.39 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

~~1.39~~1.40 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

~~1.40~~1.41 “Released Parties” means ~~XYZ Defendants~~ and each of ~~its~~their former and present directors, officers, shareholders, owners, ~~[members]~~, attorneys, insurers, predecessors, successors, and assigns ~~[subsidiaries]~~ ~~[affiliates]~~.

~~1.41~~1.42 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

~~1.42~~1.43 “Response Deadline” means ~~[e.g., 60]~~45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email or mail Requests for Exclusion from the Settlement, or (b) fax, email or mail his, her, or their Objection to the Settlement. Class Members to whom Notice Packets are resentre-sent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

~~1.43~~1.44 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.45 “Void Date” means the date upon which checks for the Individual Class Payments and the Individual PAGA Payments will be voided, as set forth Paragraph 4.4.1 below.

1.441.46 “Workweek” means any week during which a Class Member worked for ~~XYZ~~Defendants for at least one day, during the Class Period.

2. RECITALS.

2.1 On ~~February 18, 2025~~, Plaintiff commenced this Action by filing a ~~Complaint~~class action complaint alleging causes of action against ~~XYZ~~Defendants for ~~_____~~. ~~[The Complaint (1) Failure to Pay Minimum Wages; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Provide Rest Periods; (5) Failure to Indemnity; (6) Failure to Provide Accurate Wage Statements; (7) Failure to Pay Earned Wages Upon Separation; and (8) Unfair Competition and Unlawful Business Practices.]~~

2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice on January 22, 2024.

2.3 On April 9, 2024, Plaintiff filed a first amended class action complaint as a matter of right alleging an PAGA cause of action.

2.4 Pursuant to a stipulated order, Plaintiff filed a second amended class action complaint alleging additional facts, which is the operative complaint in the Action (the “Operative Complaint.”) ~~[On _____, Plaintiff filed a [e.g., First Amended Complaint] alleging causes of action against XYZ for _____. The [e.g., First Amended] Complaint is the operative complaint in the Action (the “Operative Complaint”).] XYZ denies”].~~

2.5 Defendants deny the allegations in both the Operative Complaint and the Operative Complaint, ~~denies~~PAGA Notice, deny any failure to comply with the laws identified ~~in in the Operative Complaint and denies therein, and deny~~ any and all liability for the causes of action alleged.

~~2.2~~ Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to ~~XYZ~~ and the LWDA by sending the PAGA Notice.

2.32.6 On ~~February 18, 2025~~, the Parties participated in an all-day mediation presided over by ~~_____ professional neutral, Michael D. Young, Esq., of Judicate West, which led to this Agreement to settle the Action [or describe alternative means of negotiation].~~
~~_____ (describe alternative means of negotiation)~~

~~2.4~~ Prior to ~~mediation~~ ~~negotiating the Settlement~~, Plaintiff obtained, through 2.52.7 ~~formal~~ ~~informal discovery,~~
~~(documents, testimony and information obtained)~~
~~copies of applicable employee handbooks and collective bargaining agreements setting forth Defendants’ policies and procedures, time punch and payroll data, and Plaintiff’s~~

personnel records. Plaintiff retained an expert to expert to combine, clean, and created analyzable datasets of the time and payroll data in advance of mediation. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

2.62.8 The Court ~~has~~ has not granted class certification in this Action.

~~(insert details as needed)~~

2.72.9 The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. **MONETARY TERMS.**

3.1 **Gross Settlement Amount.** Except as otherwise provided by Paragraph 8 below, ~~XYZ promises~~Defendants agree to pay \$~~_____~~550,000.00 and no more as the Gross Settlement Amount ~~+~~ and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments ~~+~~ ~~XYZ has.~~ Defendants have no obligation to pay the Gross Settlement Amount ~~(or any payroll taxes)~~ prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to ~~XYZ~~Defendants.

3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1 **To Plaintiff:** Class Representative Service Payment to the Class Representative of not more than \$~~_____~~(12,500 in addition to any Individual Class Payment ~~{and any Individual PAGA Payment}~~ the Class Representative is entitled to receive as a Participating Class Member~~}- XYZ.~~ Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than ~~{16 court}~~ days prior to the Final Approval Hearing, or by any other date as may be ordered by the Court. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 **To Class Counsel:** A Class Counsel Fees Payment of not more than ~~_____~~35%, which is currently estimated to be \$~~_____~~192,500, and a Class Counsel Litigation Expenses Payment of not more than \$~~_____~~. XYZ 32,000.

Defendants will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than ~~{16 court}~~ days prior to the Final Approval Hearing, or by any other date as may be ordered by the Court. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds ~~XYZ~~Defendants harmless, and indemnifies ~~XYZ, Defendants~~ from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 **To the Administrator:** An Administrator Expenses Payment not to exceed ~~\$~~ \$8,500 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less, or the Court approves payment less than ~~\$~~ 8,500, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 **To Each Participating Class Member:** An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1 **Tax Allocation of Individual Class Payments.** %20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to employee tax withholding and will be reported on an IRS W-2 Form. The %80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for ~~{e.g., non-wages such as~~ interest and penalties} (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2 **Effect of Non-Participating Class Members on Calculation of Individual Class Payments.** Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5 **To the LWDA and Aggrieved Employees:** PAGA Penalties in the amount of \$ 27,500 to be paid from the Gross Settlement Amount, with 75% (\$ 20,625) allocated to the LWDA PAGA Payment and 25% (\$ 6,875) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$~~_____~~6,875) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 **Class Workweeks and Aggrieved Employee Pay Periods.** Based on a review of its records ~~to date, XYZ estimates as of February 18, 2025, Defendants estimate~~ there are ~~_____~~82 Class Members who collectively worked a total of ~~_____~~5,848 Workweeks, and ~~_____~~44 Aggrieved Employees who worked a total ~~_____~~3,218 of PAGA Pay Periods.

4.2 **Class Data.** Not later than ~~{e.g., 15}~~ days after the Court grants Preliminary Approval of the Settlement, ~~XYZ~~Defendants will simultaneously deliver the Class Data to the Administrator, in ~~the form of a Microsoft Excel spreadsheet or~~ CSV format. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. ~~XYZ has~~Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which ~~XYZ~~Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 **Funding of Gross Settlement Amount.** ~~XYZ~~Defendants shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay ~~XYZ's~~Defendants' share of payroll taxes, by transmitting the funds to the Administrator no later than ~~{14}~~ days after the Effective Date.

4.4 **Payments from the Gross Settlement Amount.** Within ~~{14}~~ days after ~~XYZ funds~~Defendants fund the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1 The Administrator will issue checks for the Individual Class

Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the ~~date- (Void Date, but~~ not less than 180 days after the date of mailing)~~-when the check will be- voided.~~ The Administrator will cancel all checks not cashed by the ~~void-date~~Void Date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without United States Postal Service ("USPS") forwarding address. Within ~~{7}~~ days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the ~~void-date~~Void Date.

4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the ~~void-date~~Void Date, the Administrator shall transmit the funds represented by such checks ~~to the California~~ Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of Code of Civil Procedure section 384, subdivision (b).~~]- [or to a Court approved nonprofit organization or foundation consistent with Code of Civil Procedure section 384, subdivision (b) ("Cy Pres Recipient") -]. The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the intended Cy Pres Recipient.].~~

4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate ~~XYZ~~Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when ~~XYZ~~Defendants fully ~~funds~~fund the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 **Plaintiff's Release.** Plaintiff and his, ~~her, or their~~ respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions or

occurrences ~~that occurred during the Class Period~~, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, ~~for~~ ascertained during the Action and released under Paragraph 5.2, below. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 **Plaintiff's Waiver of Rights Under Civil Code Section 1542.** For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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~~released party.

5.2 **Release by Participating Class Members ~~Who Are Not Aggrieved~~**
Employees: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint ~~[and ascertained in the course of the Action] [including, e.g., "(a) any and all claims involving any alleged failure to pay minimum wage; etc.]~~ and ascertained in the course of the Action including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Unfair Competition and Unlawful Business Practices (CAL. BUS. & PROF. CODE § 17200, et seq.). Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

5.3 **Release by ~~Non-Participating Class Members Who Are Aggrieved~~**
Employees: All Participating and Non-Participating Class Members who are Aggrieved

Employees 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 claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint~~[,] [and] the PAGA Notice [and ascertained in the course of the Action][including, e.g., “(a) any and all claims involving any alleged failure to pay minimum wage; etc.]. and the PAGA Notice including Failure to Pay Minimum Wages (CAL. LAB. CODE §§ 1182, 1182.12, 1194, 1194.2, 1197 and 1197.1, 8 CAL. CODE REGS. § 11040(4)); Failure to Pay Overtime and Double Time Compensation (CAL. LAB. CODE §§ 510, 1194, 1198, 8 CAL. CODE REGS. § 11040(3)); Failure to Provide Meal Periods (CAL. LAB. CODE §§ 226.7, 512, 8 CAL. CODE REGS. § 11040(11)); Failure to Provide Rest Periods (CAL. LAB. CODE § 226.7, CAL. CODE REGS. § 11040(12)); Failure to Indemnify (CAL. LAB. CODE § 2802, 8 CAL. CODE REGS. § 11040(9)(B)); Failure to Provide Accurate Itemized Wage Statements (CAL. LAB. CODE §§ 226, 226.3, 8 CAL. CODE REGS. § 11040(7)); Waiting Time Penalties (CAL. LAB. CODE §§ 201, 202, and 203); and Penalties Pursuant to the Private Attorney General Act (CAL. LAB. CODE §§ 2699, et. seq., 210, and 558).~~

6. MOTION FOR PRELIMINARY APPROVAL. The Parties agree to jointly prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”) that complies with the Court’s current checklist for Preliminary Approvals.

6.1 **~~XYZ’s~~Defendants’ Declaration in Support of Preliminary Approval.** Within ~~_____~~5 days of the full execution of this Agreement, ~~XYZ~~Defendants will prepare and deliver to Class Counsel a signed Declaration, ~~or signed Declarations,~~ from ~~XYZ~~Defendants and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator~~-and Cy Pres Recipient.~~. In their Declarations, Defense Counsel and ~~XYZ~~Defendants shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 **Plaintiff’s Responsibilities.** Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code section 2699, subdivision (f)(2); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from ~~the Administrator attaching its “not to exceed” bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members [and/or the proposed Cy Pres]; and the nature and extent of any financial relationship with Plaintiff, Class Counsel or Defense Counsel;~~ (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, ~~[and/or] the Administrator [and/or the proposed Cy Pres];~~ (vi, (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code, § 2699.3, subd. (a))),

Operative Complaint (Lab. Code, § 2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2)); ~~(vii)~~ a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and ~~(viii)~~ all facts relevant to any actual or potential conflict of interest with Class Members, or the Administrator ~~and/or the Cy Pres Recipient.~~ In their Declarations, Plaintiff and Class Counsel ~~Declaration~~ shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.3 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than ~~{30}~~ days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.4 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

7.1 Selection of Administrator. The Parties have jointly selected ~~___CPT Group, Inc.~~ to serve as the Administrator and verified that, as a condition of appointment, ~~___CPT Group, Inc.~~ agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

7.4 Notice to Class Members.

7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks and Pay Periods in the Class Data.

7.4.2 Using best efforts to perform as soon as possible, and in no event later than [14] days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class USPS mail, the Class Notice {with Spanish translation, ~~if applicable~~} substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3 Not later than {3} business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods and Requests for Exclusion will be extended an additional {14} days beyond the ~~{60}~~45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5 If the Administrator, XYZDefendants, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than {14} days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than ~~{60}~~45 days after the Administrator mails the Class Notice (plus an additional {14} days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her/their representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 **Challenges to Calculation of Workweeks.** Each Class Member shall have ~~{60}~~45 days after the Administrator mails the Class Notice (plus an additional ~~{14}~~ days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel ~~and, along with~~ the Administrator's determination of the challenges.

7.7 **Objections to Settlement.**

7.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present oral objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than ~~{60}~~45 days after the Administrator's mailing of the Class Notice (plus an additional ~~{14}~~ days for Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

7.8 ~~Administrator~~**Administrator's Duties.** The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

7.8.1 **Website, Email Address, and Toll-Free Number.** The Administrator will establish~~-and~~, maintain, and use an internet website to post information of interest to Class Members including the date, time, and location for the Final Approval Hearing, and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes, and emails.

7.8.2 **Requests for Exclusion (Opt-outs) and Exclusion List.** The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than ~~{5}~~ days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.8.3 **Weekly Reports.** The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include~~-provide~~ the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.8.4 **Workweek and/or Pay Period Challenges.** The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay

Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.5 **Administrator's Declaration.** Not later than ~~{14}~~ days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or as requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.8.6 **Final Report by Settlement Administrator.** Within ~~{10}~~ days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least ~~{15}~~ days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. **CLASS SIZE ESTIMATES ~~{andAND ESCALATOR CLAUSE}~~.** Based on its records, ~~XYZ~~Defendants estimates that, as of the date of ~~this Settlement Agreement~~February 18, 2025, (1) there are ~~-82~~ Class Members and ~~—5,848~~ Total Workweeks during the Class period ~~and (2). If actual workweeks exceed the represented amount by more than 10%, Defendants agree to increase the Gross Settlement Amount on a proportional basis (i.e., if there were — Aggrieved Employees who worked — Pay Periods during the PAGA Period is a 12% increase in the number of workweeks, Defendants shall increase the GSA by 2%), or have the release period end on the date when the 10% is reached.~~

9. **~~XYZ'S~~DEFENDANTS' RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds ~~—10%~~ of the total of all Class Members, ~~XYZ~~Defendants may, but ~~is~~are not obligated to, elect to withdraw from the Settlement. The Parties agree that, if ~~XYZ withdraws~~Defendants withdraw, the Settlement shall be void *ab initio*, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; ~~provided, however, XYZ will.~~ If Defendants exercise this right to withdraw, they shall remain responsible for paying all Settlement Administration Expenses incurred up to that point. ~~XYZ~~Defendants must notify Class Counsel and the Court of its election to withdraw not later than ~~{seven}~~ days after the Administrator sends the final Exclusion List to Defense Counsel; ~~late.~~ Late elections will have no effect.

10. **MOTION FOR FINAL APPROVAL.** Not later than [16] court days before the calendared Final Approval Hearing, or by any other date as may be ordered by the Court,

Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subdivision (l), a Proposed Final Approval Order, and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiff shall provide drafts of these documents to Defense Counsel not later than ~~seven~~ days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than ~~that~~ than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment as set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties’ obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court’s concerns and to obtain Final Approval and entry of Judgment, sharing, on

a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit ~~and a~~ proposed amended judgment to the Court.

12. ADDITIONAL PROVISIONS.

12.1 No Admission of Liability, Class Certification, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by XYZ Defendants that any of the allegations in the Operative Complaint have merit or that XYZ has Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that XYZ's Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval, or enter Judgment, XYZ reserves Defendants reserve the right to contest certification of any class for any reasons, and XYZ reserves Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest XYZ's Defendants' defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, XYZ Defendants, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency or other entity except: (1) to the Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, XYZ Defendants, and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3 **No Solicitation.** The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4 **Integrated Agreement.** Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

12.5 **Attorney Authorization.** Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and ~~XYZ~~Defendants, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

12.6 **Cooperation.** The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

12.7 **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 any~~ portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

12.8 **No Tax Advice.** Neither Plaintiff, Class Counsel, ~~XYZ~~Defendants, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.9 **Modification of Agreement.** This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.

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

12.11 **Applicable Law.** All terms and conditions of this Agreement and its exhibits

will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.

12.12 **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

12.13 **Confidentiality.** To the extent permitted by law, all agreements made and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

12.14 **Use and Return of Class Data.** Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by ~~XYZ~~Defendants 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 California Rules of Court rule. 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, Plaintiff shall destroy all paper and electronic versions of Class Data received from ~~XYZ~~Defendants unless, prior to the Court's discharge of the Administrator's obligation, ~~XYZ-~~makesDefendants make a written request to Class Counsel for the return, rather than the destruction, of Class Data.

12.15 **Headings.** The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

12.16 **Calendar Days.** Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

12.17 **Notice.** All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

~~To Plaintiff:~~

~~To XYZ:~~

Class Counsel	Defense Counsel
<u>Albro L. Lundy III, Esq.</u> <u>albro@bakerburtonlundy.com</u> <u>Rolando J. Gutierrez, Esq.</u> <u>rolando@bakerburtonlundy.com</u> <u>BAKER BURTON & LUNDY, P.C.</u> <u>515 Pier Avenue</u> <u>Hermosa Beach, CA 90254</u> <u>Tel: (310) 376-9893 Fax: (310) 376-7483</u>	<u>Sumy Kim, Esq.</u> <u>skim@ohaganmeyer.com</u> <u>J. Cruz Zavala-Garcia, Esq.</u> <u>czavala@ohaganmeyer.com</u> <u>O'HAGAN MEYER</u> <u>One Embarcadero, Ste. 2100</u> <u>San Francisco, CA 94111</u> <u>Tel. (415) 604-0124</u>

12.18 **Execution in Counterparts.** This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.19 **Stay of Litigation.** The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

~~For~~
DATED: _____ By: _____
Jeremy McArthur
Plaintiff _____ For XYZ and Putative Class
Representative

(date)

Counsel
DATED: _____ By: _____
Steven M. Cherniak, COO, for
Defendant Pacific Design Center 1, LLC

DATED: _____ By: _____
Steven M. Cherniak, COO, for
Defendant Pacific Red, LLC

DATED: _____ By: _____

Steven M. Cherniak, COO, for
Defendant Cohen PDC, LLC

DATED: _____ **BAKER BURTON & LUNDY, P.C.**

By: _____

ALBRO L. LUNDY, III

ROLANDO J. GUTIERREZ

Attorneys for Plaintiff _____ Counsel for XYZ

~~{date}~~

DATED: _____ **O'HAGAN MEYER**

By: _____

SUMY KIM

Attorneys for Defendants

EXHIBIT 3

CASE NAME: MCARTHUR v PACIFIC DESIGNS CENTER

Requesting Attorney: Rolando J. Gutierrez

Date: March 18, 2025

Plaintiff or Defense: Defense

Prepared By: Dominique Fite, Esq.

Firm Name: Baker Burton & Lundy, P.C.

50 Corporate Park, Irvine CA 92606

Telephone: (310) 376-9893

DFite@CPTGroup.com

Email: rolando@bakerburtonlundy.com

Direct Number: (619) 613-1653

Main Number: (800) 542-0900

PROJECT ASSUMPTIONS & ADMINISTRATIVE COSTS

Class Size: 86	Undeliverable Mail Rate: 8%
Opt-Out Filing Rate: 1.5%	Payment Option: Check
No. of Checks Issued: 85	Unclaimed Funds: SCO
Language Translation Services: Yes	Postage Total: \$161.61
Settlement Website: Static Website	Grand Total: \$11,633.28
Notice Procedures: Mail	CPT'S DISCOUNTED FEE: \$8,500.00

The services and numbers reflected herein are estimates based on the information provided by counsel at the time of this Bid. If the actual services and numbers are different, our cost estimate will change accordingly. Client expressly acknowledges and agrees that estimated fees and costs may fluctuate and agrees to pay for any such increases to such estimates as if set forth herein.

The attached Terms and Conditions are included as part of and incorporated by reference to our cost proposal. By accepting our cost proposal for this matter, you are thereby agreeing to the Terms and Conditions.

CASE SETUP

After receiving the data, CPT will scrub all records to eliminate duplicates and anomalies; this process is designed to achieve a higher success percentage in delivering the Class Notice. Each Class Member will receive a unique mailing ID that will be utilized for all administrative purposes. If necessary, CPT will translate the court approved Notice documents and opt-out form into Spanish. The Settlement website will publish the full Notice and all relevant case documents for downloading.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Manager: Case Intake & Review	\$95.00	1	\$95.00
Programming: Data Base Setup	\$150.00	1	\$150.00
Spanish Translation	\$1,200.00	1	\$1,200.00
Static Website	\$500.00	1	\$500.00
Sub Total:			\$1,945.00

DIRECT MAIL NOTIFICATION

CPT will perform an address update via NCOA and, if necessary, conduct an additional skip trace in order to ensure that mail is delivered to the most current address possible. A detailed notice and a one-page opt-out form will be mailed in English and Spanish.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Manager: Format Documents	\$95.00	2	\$190.00
National Change of Address Search (NCOA)	\$135.00	1	\$135.00
XML Lex ID Skip Trace	\$0.85	9	\$7.65
Print & Mail Notice Packets	\$1.50	86	\$129.00
First-Class Postage (up to 2 oz.)*	\$0.97	86	\$83.42
Sub Total:			\$545.07

*Postage costs are subject to change at anytime. The final rate will be determined at the time of mailing

PROCESS RETURNED UNDELIVERABLE MAIL

According to CPT's historical data, 8% of the notices are returned as undeliverable. Upon notification from USPS, CPT performs a skip trace to locate a current address. Typically, 70% of the undeliverable notice packets are eligible for remail with an updated address.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Clerical Staff	\$60.00	1	\$60.00
Update Undeliverable Mail Database	\$0.50	7	\$3.50
Skip Trace for Best Address	\$1.00	6	\$6.00
Print & Remail Notice Packets	\$1.50	5	\$7.50
First-Class Postage (up to 2 oz.)	\$0.97	5	\$4.85
Sub Total:			\$81.85

OPT-OUT PROCESSING

CPT will thoroughly examine the submissions to identify and remove any duplicates, fraudulent responses, or otherwise invalid submissions. CPT will process and verify opt-outs, objections, and other responses submitted by class members. Deficient responses will be sent a follow-up notice, offering the class member a chance to cure.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: De-duplication/Scrubbing	\$150.00	1	\$150.00
Project Manager: Validate Opt-Outs	\$95.00	1	\$95.00
Clerical Staff	\$60.00	1	\$60.00
Opt-Out Processing	\$2.50	1	\$3.23
Print & Mail Deficiency/Dispute Notices	\$1.50	1	\$1.50
First-Class Postage (up to 1 oz.)	\$0.69	1	\$0.69
Review & Process Deficiency Responses	\$10.00	1	\$10.00
Sub Total:			\$320.42

CLASS MEMBER SUPPORT

CPT will establish a toll-free telephone number equipped with interactive voice response (IVR) capabilities and live customer support representatives. Live support will be available during regular business hours, Monday to Friday, 9:00 AM to 5:30 PM, Pacific Time (PT). The dedicated case phone number shall be operational for a maximum of 120 days following the disbursement.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Toll-Free Number Establish/Setup	\$150.00	2	\$300.00
Live Call Center Support Reps.	\$3.00	18	\$54.00
Sub Total:			\$354.00

SSN VERIFICATION

Authenticate Social Security Number for validity using IRS verification processes and/or IRS backup withholdings processes.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: SSN Selection	\$150.00	1	\$150.00
Department Manager: Analysis & Reporting	\$95.00	3	\$285.00
IRS SSN Verification	\$0.10	85	\$8.47
Sub Total:			\$443.47

DISTRIBUTION SERVICES

CPT will establish a 26 CFR § 1.468B-1 compliant Qualified Settlement Fund (QSF). Upon Final Approval, CPT will perform the required settlement payment calculations, and once approved by the parties, CPT will issue a (MICR) check to all eligible claimants. CPT will also issue an IRS Form 1099 and/or IRS Form W2 when applicable. CPT utilizes the bank's Payee Positive Pay to prevent check fraud and performs monthly account reconciliations for the QSF bank account. Undeliverable checks are skip-traced to obtain a current address and are remailed accordingly. Requests for check reissues will be processed throughout the check cashing period. CPT's administration of the QSF will continue for a maximum duration of one year following the initial distribution of funds.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: Calculation Totals	\$150.00	3	\$450.00
Project Supervisor: Review of Distribution	\$150.00	3	\$450.00
Project Manager: Correspondence w/Parties	\$95.00	2	\$190.00
Programming: Setup & Printing of Checks	\$150.00	3	\$450.00
Obtain EIN, Setup QSF/Bank Account	\$150.00	3	\$450.00
Print & Mail Notice, Checks & W2/1099	\$2.50	85	\$211.78
First-Class Postage (up to 1 oz.)	\$0.69	85	\$58.45
Project Supervisor: Account Reconciliation	\$150.00	12	\$1,800.00
Update Undeliverable Checks Database	\$0.50	4	\$2.12
Skip Trace for Best Address	\$1.00	4	\$4.24
Remail Undeliverable Checks	\$2.50	4	\$10.00
First-Class Postage (up to 1 oz.)	\$0.69	4	\$2.76
Re-Issue Checks as Required	\$5.00	4	\$20.00
First-Class Postage (up to 1 oz.)	\$0.69	4	\$2.76
Sub Total:			\$4,102.10

TAX REPORTING & SETTLEMENT CONCLUSION

CPT prepares annual tax reporting on behalf of the QSF and Federal and State taxes in accordance with current state and federal regulations.

All parties will be furnished with weekly and final reports. A declaration attesting to due process will be provided to all parties.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Supervisor: Reconcile Uncashed Chk	\$150.00	1	\$150.00
Programming: Weekly & Final Reports	\$150.00	2	\$300.00
Project Supervisor: Final Declaration	\$150.00	2	\$300.00
Project Manager: Account Files Sent to Atty	\$95.00	2	\$190.00
CA Tax Preparation*	\$600.00	1	\$600.00
Annual Tax Reporting to IRS*	\$1,000.00	1	\$1,000.00
QSF Annual Tax Reporting	\$500.00	1	\$500.00
Sub Total:			\$3,040.00

*CPT will file Federal and California taxes in accordance with current state and federal regulations. Additional charges will apply if the Settlement/Order/parties require(s) multiple state tax filings.

SCO ESCHEATMENT PROCESSING

Escheatment Processing to the State Controller Unclaimed Property Division / Uncashed Check Rate 21%

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
UPEnterprise Reporting Services	\$0.15	18	\$2.70
Project Manager: Reporting & Remittance	\$95.00	2	\$190.00
Project Supervisor: Review of Report	\$150.00	1	\$150.00
Certified Mail Report to SCO	\$8.68	1	\$8.68
Add'l Account Recons	\$150.00	3	\$450.00
Sub Total:			\$801.38

Total Administration Costs: \$11,633.28

Courtesy Discount: -\$3,133.28

CPT'S DISCOUNTED FLAT FEE: \$8,500.00

1 **PROOF OF SERVICE**

2 **RE: *McArthur v. Pacific Design Center 1, LLC, et al.***
3 **Case No: 24STCV03908**
LWDA Case No: LWDA-CM- 1006481-24

4 I am employed in the State of California, County of Los Angeles. I am over the age of 18 and
5 not a party to this action. My business address is 515 Pier Avenue, Hermosa Beach, CA 90071.

6 On **July 11, 2025**, I served the following document(s) described as:

7 **DECLARATION OF ROLANDO J. GUTIERREZ ESQ. IN SUPPORT OF PLAINTIFF**
8 **JEREMY MCARTHUR'S NOTICE OF MOTION AND MOTION FOR CONDITIONAL**
9 **CLASS CERTIFICATION AND PRELIMINARY APPROVAL OF CLASS ACTION AND**
10 **PRIVATE ATTORNEY GENERAL ACT SETTLEMENT**

11 on the interested parties as follows:

12 Labor and Workforce Development Agency
13 800 Capital Mall, Suite 500
14 Sacramento, California 95814

15 [✓] **BY ELECTRONIC SUBMISSION:** Complying with CAL. LAB. CODE §§ 2699(1)(4) and
16 2699.3, I caused true and correct copies of the documents to be served on the Labor and
17 Workforce Development Agency through its online platform at
18 <https://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General-Act.html>.

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

21 Executed on **July 11, 2025** at Hermosa Beach, California.

22 _____
23 Jenny Wood
24 Type or Print Name

25 _____
26 *Jenny Wood*
27 Signature

1 **PROOF OF SERVICE**

2 **RE: *McArthur v. Pacific Design Center 1, LLC, et al.***
3 **Case No: 24STCV03908**

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on the interested parties as follows:

10 Summy Kim, *Esq.*
11 skim@ohaganmeyer.com
12 J. Cruz Zavala-Garcia, *Esq.*
13 czavala@ohaganmeyer.com
14 **O'HAGAN MEYER**
15 One Embarcadero, Ste. 2100
San Francisco, CA 94111

16 *Counsel for Defendants*
17 Pacific Red, LLC
18 Pacific Design Center 1, LLC
19 Cohen PDC, LLC

20 [] **BY MAIL (ENCLOSED IN A SEALED ENVELOPE):** I deposited the envelope(s) for
21 mailing in the ordinary course of business at Los Angeles, California. I am "readily familiar"
22 with this firm's practice of collection and processing correspondence for mailing. Under that
23 practice, sealed envelopes are deposited with the U.S. Postal Service that same day in the
24 ordinary course of business with postage thereon fully prepaid at Los Angeles, California.

25 [✓] **BY CASE ANYWHERE:** On the above-mentioned date, from Los Angeles, California, I
26 caused each such document to be transmitted electronically to the party(ies) at the e-mail
27 address(es) indicated below via CASE ANYWHERE. To the best of my knowledge, the
28 transmission was reported as complete, and no error was reported that the electronic
transmission was not completed.

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

Executed on **July 11, 2025** at Hermosa Beach, California.

25 _____
26 Jenny Wood
27 Type or Print Name

Signature