

**CLASS ACTION AND PAGA REPRESENTATIVE ACTION
SETTLEMENT AND RELEASE**

This Class Action and PAGA Representative Action Settlement and Release (“Settlement,” “Settlement Agreement,” or “Agreement”) is being entered into between Plaintiff Tyler Emery (“Plaintiff”), individually and on behalf of all other similarly situated Class Members and Aggrieved Employees, and Defendant Santa Cruz Bicycles, LLC (“Defendant”) (Plaintiff and Defendant are collectively referred to hereinafter as, the “Parties”) with regard to the actions pending in the Superior Court of the State of California, County of Santa Cruz, entitled *Tyler Emery v. Santa Cruz Bicycles, LLC*, Case No. 24CV00244 and Case No. 24CV00839. Accordingly, and in exchange for the mutual promises contained herein and for other good and valuable consideration, the receipt of which is expressly acknowledged, the Parties agree as follows:

RECITALS

WHEREAS, on July 12, 2024, the Parties participated in an all-day mediation presided over by Paul Haines, Esq., which led to this agreement to settle the actions described above;

WHEREAS, prior to mediation, Plaintiff obtained, through informal discovery, Defendant’s payroll records, timekeeping records, employment policies, and employee handbooks. 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”);

WHEREAS, the Court has not granted class certification, and Plaintiff has not filed a motion for class certification; and

WHEREAS, the Parties, Class Counsel, and Defendant’s 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 herein;

NOW THEREFORE, the Parties enter into this Settlement Agreement as set forth below. These recitals are herewith incorporated into this Agreement as though fully set forth therein.

AGREEMENT

1. DEFINITIONS

1.1 “Actions” or “Litigation” means the civil actions captioned: (i) *Tyler Emery v. Santa Cruz Bicycles, LLC*, Case No. 24CV00244 (the “Class Action”); and (ii) *Tyler Emery v. Santa Cruz Bicycles, LLC*, Case No. 24CV00839 (the “PAGA Action”), pending in the Superior Court of the State of California, County of Santa Cruz.

1.2 “Aggrieved Employees” refers to all current and former hourly paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period.

1.3 “Class Counsel” or “Plaintiff’s Counsel” means Plaintiff’s counsel Jonathan M. Genish, Esq., Karen I. Gold, Esq., Ashley H. Cruz, Esq., and Marissa A. Mayhood, Esq. of Blackstone Law, APC.

1.4 “Class Counsel’s Attorneys’ Fees” means the amount of attorneys’ fees that Plaintiff will request, and Defendant will not oppose, to compensate Class Counsel for their time and efforts spent pursuing the Litigation. Plaintiff will request attorneys’ fees payable to Class Counsel in the amount of thirty-five percent (35%) of the Gross Settlement Amount, and payable out of the Gross Settlement Amount, subject to Court approval. Any amount awarded by the Court which is less than this request of 35% will revert back to the Net Settlement Amount and be distributed to Participating Class Members.

1.5 “Class Counsel’s Litigation Costs” means the amount that Plaintiff will request, and Defendant will not oppose, to reimburse Class Counsel for reasonable litigation costs actually incurred during the course of the Litigation not to exceed Twenty-Four Thousand Dollars and No Cents (\$24,000.00), subject to Court approval. Class Counsel’s Litigation Costs shall be paid out of the Gross Settlement Amount.

1.6 “Class List” means a complete list of all Class Members and Aggrieved Employees that Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator in Excel format, where possible. The Class List will contain the following information for each Class Member: (1) full name; (2) last known address; (3) Social Security Number or Individual Taxpayer Identification Number; (4) dates worked for the Defendant during the Class Period; (5) last known telephone number; (6) names and amounts paid to each Class Member in connection with any prior settlement efforts obtained in connection to the Actions; and (7) the number of workweeks worked during the Class Period and PAGA Period (or information allowing the Settlement Administrator to calculate same). The Class List will be provided by Defendant to the Settlement Administrator only as described in Section 5.3(a) below.

1.7 “Class Members” or “Class” shall refer to all current and former hourly paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the Class Period.

1.8 “Class Member Payment” means the portion of the Net Settlement Amount that each Participating Class Member shall be entitled to receive from the Net Settlement Amount.

1.9 “Class Notice” means the Court-approved form of the Notice of Proposed Class Action and PAGA Representative Action Settlement.

1.10 “Class Period” means the period from January 25, 2020 to October 15, 2024, inclusive.

1.11 “Class Representative” or “Plaintiff” means Tyler Emery.

1.12 “Class Representative Incentive Payment” is the amount that the Class Representative will request, and Defendant agrees not to oppose, for his provision of services to the Class Members during the Litigation. Defendant shall not oppose a service award to Class Representative Tyler Emery in the amount of \$7,500 to be payable out of the Gross Settlement Amount. In exchange for the Class Representative Incentive Payment, the Class Representative will also execute a general release with a California Civil Code section 1542 waiver.

1.13 “Class Settlement” means the settlement and resolution of all Class Released Claims.

1.14 “Complaints” means the Class Action Complaint filed on January 25, 2024 and the PAGA Action Complaint filed on March 22, 2024 in the Actions.

1.15 “Court” as used herein means the Superior Court of California in and for the County of Santa Cruz.

1.16 “Credited Workweeks” as used herein means the number of workweeks worked by Class Members during the Class Period and/or the number of workweeks worked by the Aggrieved Employees during the PAGA Period.

1.17 “Defendant’s Counsel” means Amanda Luftman, Esq. and Jeremy Osher, Esq. of Boren, Osher & Luftman, LLP.

1.18 “Effective Date” means the later of: (i) the date of Final Approval if no timely objections are filed, or if objections are withdrawn prior to the Final Approval Hearing; or (ii) the time to appeal has expired if an objection has been filed and no appeal was filed; or (iii) the date of final resolution of any appeal that has been filed.

1.19 “Final Approval” means the determination by the Court that the Settlement is fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

1.20 “Final Approval Hearing” means the hearing set by the Court, pursuant to class action procedures and requirements, for the purpose of determining the fairness, adequacy, and reasonableness of the Settlement.

1.21 “Funding Date” is thirty (30) calendar days after the Effective Date.

1.22 “Gross Settlement Amount” means the amount of Nine Hundred Forty-Nine Thousand Two Hundred Eighty-Five Dollars and No Cents (\$949,285.00) (unless such Gross Settlement Amount is increased pursuant to Section 4.7 below) that Defendant will pay to fully, finally, and forever settle and release the claims in the Actions. The Gross Settlement Amount represents the total amount payable under this Agreement by Defendant, including, without limitation, the Individual Settlement Payments, the PAGA Payment, Class Counsel’s Attorneys’ Fees, Class Counsel’s Litigation Costs, Settlement Administration Costs, and the Class Representative Incentive Payment. The Parties agree that One Hundred Forty-Nine Thousand Two Hundred Eighty-Five Dollars and No Cents (\$149,285.00) of the Gross Settlement Amount has already been paid to certain members of the Class by Defendant. Defendant’s share of payroll taxes shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount.

1.23 “Individual Settlement Payment” means the Class Member Payment and PAGA Settlement Payment combined.

1.24 “Net Settlement Amount” means the amount remaining to distribute to Participating Class Members after the following amounts (if approved by the Court) are subtracted from the Gross Settlement Amount: (i) Class Counsel’s Attorneys’ Fees up to thirty-five percent (35%) of the Gross Settlement Amount; (ii) Class Counsel’s Litigation Costs of up to Twenty-Four Thousand Dollars and No Cents (\$24,000.00); (iii) the Class Representative Incentive Payment of Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00); (iv) the PAGA Payment in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00); and (v) Settlement Administration Costs.

1.25 “PAGA” means the California Labor Code Private Attorneys General Act of 2004, California Labor Code section 2698, *et seq.*

1.26 “PAGA Payment” means the amount the Parties agree to allocate from the Gross Settlement Amount totaling Fifty Thousand Dollars and No Cents (\$50,000.00) to cover Plaintiff’s claim for civil penalties under the PAGA. Seventy-five percent (75%) of the PAGA Payment (*i.e.*, \$37,500.00) will be paid to the California Labor and Workforce Development Agency (“LWDA”); and the remaining twenty-five percent (25%) of the PAGA Payment (*i.e.*, \$12,500.00) will be distributed to Aggrieved Employees based on their number of Credited Workweeks worked during the PAGA Period. Each Individual PAGA Payment to the Aggrieved Employees will be allocated as one hundred percent (100%) penalties, will not be subject to taxes or withholdings, and will be reported on IRS Form 1099 (if applicable).

1.27 “PAGA Period” means the period from January 16, 2023 through October 15, 2024, inclusive.

1.28 “PAGA Settlement” means the settlement and resolution of all PAGA Released Claims.

1.29 “PAGA Settlement Payment” means the amount payable to each Aggrieved Employee from the 25% portion of the PAGA Payment.

1.30 “Participating Class Member(s)” means a Class Member who does not submit a timely and valid Request for Exclusion.

1.31 “Payment Date” means the date which is ten (10) business days after the Funding Date.

1.32 “Preliminary Approval Order” means an order of the Court preliminarily approving this Settlement and setting a hearing for Final Approval of the Settlement.

1.33 “Preliminary Approval Date” means the date on which the Court signs the Preliminary Approval Order.

1.34 “Class Released Claims” means all claims made or which could have been made based on the facts pled in the Class Action Complaint, arising during the Class Period, including, but not limited to, claims for: (i) Failure to Pay Minimum Wage (Labor Code §§ 1194, 1197, and 1197.1); (ii) Failure to Pay Overtime (Labor Code §§ 510 and 1198); (iii) Failure to Provide Timely Off-Duty Meal Breaks or Compensation in Lieu Thereof (Labor Code §§ 226.7 and 512); (iv) Failure to Provide Timely, Off-Duty Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7); (v) Failure to Timely Pay Wages During Employment (Labor Code §§ 204 and 210); (vi) Failure to Provide Accurate Itemized Wage Statements (Labor Code § 226(a)); (vii) Failure to Timely Pay All Wages Due at Separation (Labor Code §§ 201, 202 and 203); (viii) Failure to Reimburse Necessary Business Expenses (Labor Code §§ 2800 and 2802); and (ix) Violation of Unfair Competition Law (Business & Professions Code § 17200, *et seq.*).

The Class Released Claims expressly exclude the PAGA Released Claims, and Participating Class Members will not release the PAGA Released Claims unless such Participating Class Members are also Aggrieved Employees. Participating Class Members who are also Aggrieved Employees shall

release the PAGA Released Claims, in addition to releasing the Class Released Claims.

1.35 “PAGA Released Claims” means all claims made or which could have been made for civil penalties under the PAGA, Labor Code section 2698, *et seq.*, based on the facts pled in Plaintiff’s letter to the LWDA and the PAGA Action Complaint, arising during the PAGA Period, including, but not limited to, claims for: (i) Failure to Pay Minimum Wage (Labor Code §§ 1194, 1197, and 1197.1); (ii) Failure to Pay Overtime (Labor Code §§ 510 and 1198); (iii) Failure to Provide Timely Off-Duty Meal Breaks or Compensation in Lieu Thereof (Labor Code §§ 226.7 and 512); (iv) Failure to Provide Timely, Off-Duty Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7); (v) Failure to Timely Pay Wages During Employment (Labor Code §§ 204 and 210); (vi) Failure to Provide Accurate Itemized Wage Statements (Labor Code § 226(a)); (vii) Failure to Timely Pay All Wages Due at Separation (Labor Code §§ 201, 202 and 203); (viii) Failure to Keep Complete and Accurate Payroll Records (Labor Code § 1174(d)); and (ix) Failure to Reimburse Necessary Business Expenses (Labor Code §§ 2800 and 2802).

1.36 “Released Parties” means Santa Cruz Bicycles, LLC, their present and former officers, directors, members, managers, shareholders, employees, agents, parents, subsidiaries, affiliates, insurers, operators, partners, joint ventures, consultants, attorneys, successors, or assignees.

1.37 “Response Deadline” is forty-five (45) days after the date the Class Notice is first mailed by the Settlement Administrator to the Class Members, by which time Class Members must submit a Request for Exclusion, written objection, or Credited Workweeks dispute.

1.38 “Request for Exclusion” means a letter or written request submitted by a Class Member to the Settlement Administrator to request exclusion from the Class Settlement that includes the requirements in Section 5.7.

1.39 “Returned Check” is a Class Member Payment and/or PAGA Settlement Payment check which is returned as undeliverable before the expiration of the 180-day period.

1.40 “Settlement Administrator” means IYLM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement, subject to Court approval.

1.41 “Settlement Administration Costs” means the fees, costs, and expenses relating to the administration of this Settlement, including, without limitation, printing and mailing the Class Notice, receiving and processing objections, Requests for Exclusion, and Credited Workweeks disputes, calculating and determining Class Member Payments and PAGA Settlement Payments and other payments due from the Gross Settlement Amount, regularly updating Class Counsel and Defendant’s Counsel on the status of administration, and the accounting and maintenance of the Gross Settlement Amount. Settlement Administration Costs shall be paid out of the Gross Settlement Amount and will not exceed Nine Thousand Dollars and No Cents (\$9,000.00).

2. STATEMENT OF NO ADMISSION

2.1 This Agreement does not constitute, is not intended to constitute, and will not be deemed to constitute, an admission by Defendant as to the merits, validity, or accuracy of any of the allegations or claims made against it in the Litigation.

2.2 This Agreement, and any action taken in negotiation or implementation thereof, and all acts performed or documents executed pursuant to or in furtherance of this Agreement, including but not limited to any and all payments made to Plaintiff, Class Members, or Plaintiff's Counsel pursuant to the Agreement: (i) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the part of Defendant or of the truth of any of the factual allegations in the Litigation; (ii) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or omission on the part of Defendant in any civil, criminal, administrative, or arbitral proceeding in any court, administrative agency, or other tribunal; and (iii) are not, shall not be deemed to be, and may not be used as an admission or evidence of the appropriateness of Plaintiff's or Class Members' claims, or any similar claims, for class action or representative treatment. This Agreement is a settlement document and shall be inadmissible as evidence in any proceeding, except as necessary in any action or proceeding to approve, interpret, or enforce the terms of this Agreement.

3. CERTIFICATION OF SETTLEMENT CLASS

3.1 The Parties agree that class certification under the terms of this Agreement is for settlement purposes only. Defendant contends that, except for purposes of settlement, certification of any class would not be appropriate, and that Plaintiff and Class Members would not successfully obtain class treatment or, if obtained, survive a motion for decertification. Nothing in this Agreement will be construed as an admission or acknowledgement of any kind that any class should be certified or maintained in the Litigation or in any other action or proceeding. Further, this Agreement and the Court's actions with regard to this Agreement will not be admissible in any court or other tribunal regarding the propriety of class certification or the maintenance of a class action. In the event this Agreement is not finally approved by the Court, any appellate court, or otherwise fails to be effective and enforceable or is terminated or voided, Defendant will not be deemed to have waived, limited, or affected in any way any of its objections or defenses in the Litigation. Such objections and defenses include but are not limited to Defendant's objections and defenses to class certification.

3.2 The Parties acknowledge that factual and legal issues have not yet been resolved and that if the Litigation were to proceed, the Court would specifically need to resolve, among other issues, whether Plaintiff, Class Members, and Aggrieved Employees: (i) were not compensated for all hours worked under the California Labor Code and/or applicable Industrial Welfare Commission Wage Order; (ii) worked hours for which they were not properly compensated with appropriate minimum, hourly, and/or overtime wages as required by California law; (iii) were not provided legally compliant meal breaks and rest periods or violation premiums; (iv) were not provided with accurate itemized wage statements; (v) were not timely paid wages during their employment; (vi) were not timely paid final wages due upon the termination of their employment with Defendant and/or were owed waiting time penalties under California Labor Code section 203; (vii) were not reimbursed for all business expenses; (viii) suffered any unfair business practices in violation of California Business and Professions Code section 17200, *et seq.*; and/or (ix) were entitled to penalties under the PAGA.

4. PAYMENTS BY DEFENDANT TO PLAINTIFF AND CLASS MEMBERS

4.1 **Deposit with Settlement Administrator:** Defendant will deposit the total amount of the Gross Settlement Amount, minus the \$149,285.00 which has already been paid to certain members of the Class by Defendant, with the Settlement Administrator no later than the Funding Date. No later than the Payment Date, the Settlement Administrator will prepare and mail the

payments identified in this Agreement.

4.2 Individual Settlement Payments: In exchange for the provisions set forth in the Settlement Agreement, on the Payment Date, the Settlement Administrator will distribute from the Gross Settlement Amount each Participating Class Member's pro rata share of the Net Settlement Amount and each Aggrieved Employee's pro rata share of the 25% portion of the PAGA Payment. Participating Class Members and Aggrieved Employees will not have to submit a claim form to receive their Individual Settlement Payment. Each Class Member who does not submit a timely and valid Request for Exclusion will automatically become a Participating Class Member and will be mailed their Individual Settlement Payment in accordance with the terms herein. Individual Settlement Payments will consist of the amount to be paid to each Class Member as a Class Member Payment and the PAGA Settlement Payment if the Class Member is also an Aggrieved Employee.

a. Calculation of Class Member Payments: Each Participating Class Member's Class Member Payment will be calculated based on the following formula: Each Participating Class Member will receive a proportionate settlement share based on the number of Credited Workweeks that each Participating Class Member worked during the Class Period, to be calculated by multiplying the Net Settlement Amount by a fraction, the numerator of which is the Participating Class Member's Credited Workweeks during the Class Period, and the denominator of which is the total Credited Workweeks worked by all Participating Class Members during the Class Period. Participating Class Members who have already received a payment from the Gross Settlement Amount shall only receive an additional settlement payment to the extent required to ensure they receive the total amount to which they are entitled based on the calculations for their Class Member Payments. For example, if a Participating Class Member's Class Member Payment is \$100 and the Participating Class Member previously received a \$20 payment from the Gross Settlement Amount then the Participating Class Member will only receive \$80 (the net amount owed after subtracting the prior payment).

b. Calculation of PAGA Settlement Payments: Each PAGA Settlement Payment will be calculated based on the following formula: Each Aggrieved Employee will receive a proportionate settlement share based on the number of Credited Workweeks that each Aggrieved Employee worked during the PAGA Period, to be calculated by multiplying the 25% portion of the PAGA Payment by a fraction, the numerator of which is the Aggrieved Employee's Credited Workweeks during the PAGA Period, and the denominator of which is the total Credited Workweeks worked by all Aggrieved Employees during the PAGA Period.

c. Returned Checks: Class Member Payment and PAGA Settlement Payment checks will remain valid and negotiable for one hundred and eighty (180) calendar days after the date of mailing. If a Class Member Payment and PAGA Settlement Payment check is returned before the expiration of the 180-day period (i.e., Returned Check), within five (5) business days of receipt of the Returned Check, the Settlement Administrator shall undertake a skip-trace search for an alternate mailing address and re-mail the Returned Check to an alternate mailing address (if one is located), under a cover letter indicating that the Returned Check will continue to be valid and negotiable for thirty (30) days after the date of re-mailing. If a Returned Check is returned with a forwarding address provided by the United States Postal Service, the Settlement Administrator will promptly re-mail the check to the Participating Class Member and/or Aggrieved Employee's forwarding address within five (5) days of receipt of the Returned Check with a cover letter indicating that the Returned Check will continue to be valid and negotiable for thirty (30) calendar days after the date of re-mailing. In the event the Settlement Administrator is unable to locate an updated address for a Participating

Class Member and/or Aggrieved Employee after making these reasonable efforts, neither the Settlement Administrator, Class Counsel, or Defendant's Counsel shall be required to take further action to achieve delivery of the check to the Participating Class Member and/or Aggrieved Employee. If within the 180-day period the Participating Class Member and/or Aggrieved Employee contacts the Settlement Administrator, or if Class Counsel does so on behalf of the Participating Class Member and/or Aggrieved Employee, the Class Member Payment and/or PAGA Settlement Payment check shall be re-issued and mailed to the address provided by the Participating Class Member and/or Aggrieved Employee (or by Class Counsel on their behalf). Any such reissued check will indicate on its face that it is void if not cashed within one hundred and eighty (180) days of its issuance.

d. Uncashed Checks: In the event that any checks mailed to Participating Class Members and/or Aggrieved Employees are not cashed, deposited, or otherwise negotiated within the 180-day period, no forwarding address can be located for a Returned Check, or a Returned Check is remailed but not cashed, deposited, or otherwise negotiated within the 30-day period from the re-mailing of the Returned Check, then the checks shall be cancelled by the Settlement Administrator, and the funds associated with such cancelled checks shall be transmitted by the Settlement Administrator pursuant to governing California law to the State of California Unclaimed Property Fund, to be held there in the name of and for the benefit of such Participating Class Members and/or Aggrieved Employees under California's escheatment laws, and such Participating Class Members and/or Aggrieved Employees shall nevertheless be bound to the Settlement and the Final Approval Order and Judgment.

e. Taxation and Withholding: Class Member Payments shall be allocated in three parts: (i) twenty percent (20%) as wages; (ii) sixty-five percent (65%) as penalties; and (iii) fifteen percent (15%) as interest. The wages will be reported on an IRS Form W-2, and the interest and penalties will be reported on an IRS Form 1099 to the extent required by law. The Class Member Payments will be reduced by any required deductions and withholdings with respect to the wage portion of the Class Member Payments, including employee taxes. Defendant shall be responsible for employer payroll taxes, which Defendant shall pay separate and apart from the Gross Settlement Amount. PAGA Settlement Payments shall be allocated as one hundred percent (100%) penalties, which will be reported on IRS Form 1099 to the extent required by law. Participating Class Members and Aggrieved Employees otherwise shall be responsible for their own tax obligations with respect to the Class Member Payments and PAGA Settlement Payments sent to them and agree that they are not relying on any information provided by Defendant concerning the tax consequences of payments made under this Agreement.

4.3 Payment of Class Counsel's Attorneys' Fees and Class Counsel's Litigation Costs: On or before the Payment Date, the Settlement Administrator will distribute from the Gross Settlement Amount to Class Counsel the total amount of Class Counsel's Attorneys' Fees awarded by the Court, not to exceed thirty-five percent (35%) of the Gross Settlement Amount, as well as the total amount of Class Counsel's Litigation Costs awarded by the Court in an amount not to exceed Twenty-Four Thousand Dollars and No cents (\$24,000.00). This combined sum will be paid by the Settlement Administrator by wire transfer payable to Blackstone Law, APC, which will be responsible for providing wiring instructions to the Settlement Administrator.

4.4 Class Representative Incentive Payment: On or before the Payment Date, the Settlement Administrator will distribute from the Gross Settlement Amount the Class Representative Incentive Payment awarded by the Court not to exceed the amount of Seven Thousand Five Hundred

Dollars and No Cents (\$7,5000.00) to Plaintiff for his provision of services to the Class Members during the Litigation. The Class Representative Incentive Payment is to compensate Plaintiff for his service and risk incurred in connection with serving as a Class Representative. The Class Representative Incentive Payment is also provided in consideration for Plaintiff executing a full and separate release of claims not required from other Class Members, as set forth below. The Class Representative Incentive Payment will be paid to Plaintiff in addition to Plaintiff's Individual Settlement Payment. The Class Representative Incentive Payment shall not be considered wages, and therefore, is not subject to any tax withholding or contribution, and an IRS Form 1099 will be issued with respect to the payment. Plaintiff shall be responsible for his own tax obligations with respect to the Class Representative Incentive Payment. The Parties agree that the Class Representative Incentive Payment to Plaintiff is fair and reasonable. Should the Court award the Class Representative Incentive Payment less than the amount being requested, the difference shall revert to the Net Settlement Amount.

4.5 LWDA Payment: On or before the Payment Date, the Settlement Administrator shall distribute from the Gross Settlement Amount the seventy-five percent (75%) portion of the PAGA payment (*i.e.*, \$37,500.00) that is payable to the LWDA.

4.6 No Additional Payments: The Parties agree that the payments set forth in this Agreement constitute Defendant's sole and entire monetary obligation to Plaintiff, Class Members, the LWDA, the Settlement Administrator, and Plaintiff's Counsel under this Agreement, and that, once made by Defendant in accordance with this Agreement, shall completely and finally discharge Defendant's obligations to pay Plaintiff, Class Members, the LWDA, the Settlement Administrator, and Plaintiff's Counsel under this Agreement, and that the payment process does not create any residual funds. Notwithstanding the above, Defendant's share of payroll taxes shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount.

4.7 Unexpected Workweeks/Escalator Clause. Defendant represents that there are an estimated Thirty Thousand (30,000) workweeks during the Class Period worked by two hundred and ninety-one (291) putative Class Members. If the number of workweeks during the Class Period is more than five percent (5%) greater than this figure (*i.e.*, if there are more than 31,500 workweeks worked by the Class Members during the Class Period), Defendant shall have the option to either: (i) end the Class Period and the PAGA Period on the date on which the workweeks reach 31,500; or (ii) increase the Gross Settlement Amount on a proportional basis by the amount by which it exceeds 5% (*i.e.*, if there was a 6% increase in the number of workweeks during the Class Period, Defendant would agree to increase the Gross Settlement Amount by 1%).

4.8 Withdrawal From Settlement Based on Request for Exclusion. If more than ten percent (10%) of the Class Members submit timely and valid Requests for Exclusion, Defendant may, at its election, rescind the Settlement and all actions taken in furtherance of it will thereby be null and void. Defendant must exercise this right of rescission, in writing, to Class Counsel within fifteen (15) calendar days after the Settlement Administrator notifies the Parties of a greater than 10% opt-out rate.

5. NOTICE OF CLASS ACTION SETTLEMENT AND SETTLEMENT OPT-OUT FORM

5.1 Filing of Motion for Preliminary Approval: Within thirty (30) calendar days after this Settlement Agreement becomes fully executed by the Parties, Plaintiff shall file a motion

for preliminary approval of this Settlement, requesting a Preliminary Approval Order that contains the following provisions:

- a. Preliminarily approving the Settlement Agreement and its terms;
- b. Preliminarily approving and certifying the Class for settlement purposes only;
- c. Approving the form of the Class Notice, and finding that the proposed method of disseminating the Class Notice meets the requirements of due process and is the best notice practicable under the circumstances;
- d. Establishing the procedures and the deadline by which Class Members may request exclusion from the Class Settlement, assert objections to the Settlement, and/or dispute their Credited Workweeks; and
- e. Setting a date for the Final Approval Hearing.

Defendant's Counsel will be given an opportunity to review and comment on the motion for preliminary approval of the Settlement prior to its being filed with the Court, and such comments will be implemented to the extent reasonable.

5.2 Appointment of Settlement Administrator: The Parties have selected ILYM Group, Inc. as the Settlement Administrator to handle the notice and administration of the Settlement. The Settlement Administrator will mail a Class Notice to each Class Member; review and re-mail any returned and/or undeliverable Class Notices; receive, review, and process Requests for Exclusion, objections, and Credited Workweeks disputes; calculate Class Member Payments and PAGA Settlement Payments; withhold applicable taxes and withholdings; prepare and transmit necessary tax documentation and filings; and transmit all required payments. The Settlement Administrator will also respond to inquiries from Class Members regarding the Settlement and perform any other usual and customary duties for administering a class action settlement.

5.3 Mailing Class Notice:

a. Within fifteen (15) calendar days following the Preliminary Approval Date, Defendant will provide the Settlement Administrator with the Class List. Within five (5) business days of receipt of the Class List, the Settlement Administrator will send by first-class mail to all Class Members the Class Notice in a form that conforms to the form agreed to by the Parties and approved by the Court. Prior to mailing the Class Notice, the Settlement Administrator shall attempt to locate the Class Members' updated addresses by a search of the National Change of Address Database and an Accurint (or substantially similar) skip trace search.

b. The Settlement Administrator will verify, in writing, that the Class Notice has been disseminated in accordance with the Court's Preliminary Approval Order and will provide such verification to Class Counsel and Defendant's Counsel at the time of mailing. The Settlement Administrator shall also verify the Settlement Administration Costs and provide the total number of objections, Requests for Exclusion, and Credited Workweeks disputes submitted by Class Members no later than twelve (12) calendar days prior to the date of the Final Approval Hearing.

c. The Settlement Administrator shall provide Class Counsel and Defendant's Counsel with weekly reports, including the total number of Class Notices that were returned as

undeliverable, the total number of objections, and disputes regarding Credited Workweeks, and or Requests for Exclusion. The Settlement Administrator shall maintain records of its work, which will be available for inspection upon request by Defendant's Counsel.

5.4 The Class List and any other data provided by Defendant to the Settlement Administrator shall be treated as confidential and shall not be used by the Settlement Administrator for any purpose other than as permitted by the Settlement. Further, the Settlement Administrator shall use commercially reasonable efforts to secure the data provided by Defendant at all times so as to avoid inadvertent or unauthorized disclosure or use of such data other than as permitted by the Settlement. At no time during the Settlement process will any Class Member's full Social Security Number be filed by the Parties or the Settlement Administrator with the Court, except under seal as may be ordered by the Court. The Settlement Administrator shall ensure that the Class Notice and any other communications to Class Members shall not include any Class Member's Social Security Number, except the last four digits, if necessary.

5.5 Returned and/or Undeliverable Notices:

a. If a Class Notice is returned as undeliverable, the Settlement Administrator will promptly re-mail it to a forwarding address, if provided, or to an updated address obtained from a skip-trace search if no forwarding address is provided. The Settlement Administrator shall also send with any re-mailed notice a brief letter stating that the recipient of the re-mailed Notice has until the original deadline set forth on the Notice, or ten (10) calendar days after the re-mailing of the Notice (whichever is later), to submit a Request for Exclusion or an objection to the Settlement, or to dispute the number of Credited Workweeks credited to them.

b. In the event the procedures set forth above are followed and the intended recipient of a Class Notice still does not receive the Class Notice, the intended recipient will be a Participating Class Member and will be bound by all terms of the Settlement and the Final Approval Order. That Class Member's Individual Settlement Payment will still be mailed to that Class Member's last known address. If returned, the Settlement Administrator will use reasonable efforts to locate a better address and re-mail the Returned Check, if possible.

5.6 **Form of the Class Notice:** The Class Notice will advise individual Class Members of their right to opt out of the Class Settlement, object to the Class Settlement, and/or dispute the number of Credited Workweeks credited to them.

5.7 **Requests for Exclusion:** To be timely and valid, the Request for Exclusion must: (i) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (ii) contain the Class Members' full name, signature, address, telephone number, and last four (4) digits of the Class Members' Social Security number or Employee Identification Number; (iii) contain a statement that the Class Member wishes to be excluded from the Class Settlement; and (iv) be postmarked no later than the Exclusion Deadline. Upon expiration of the Response Deadline, any Class Member who fails to submit a Request for Exclusion will be bound by all terms of the Agreement, including the releases.

Any Class Member who mails a timely and valid Request for Exclusion will, upon receipt thereof by the Settlement Administrator, not be a Participating Class Member, will not be issued a Class Member Payment, will not release the Class Released Claims, and will have no right to object to or appeal the Settlement. Aggrieved Employees cannot exclude themselves from the PAGA Settlement

and, therefore, they will be issued a PAGA Settlement Payment and release the PAGA Released Claims regardless of whether or not the Aggrieved Employee excludes themselves from being a Participating Class Member. If a Class Member submits a deficient Request for Exclusion, the Settlement Administrator shall notify the Class Member of the deficiency within five (5) business days of receipt. The Class Member shall have until five (5) business days following the mailing of such notification to cure said deficiencies, at which point their request will be rejected if not received.

The Settlement Administrator shall immediately send all Requests for Exclusion to Class Counsel and Defendant's Counsel.

5.8 Objections: Only Participating Class Members have the right to object to the Class Settlement. A Participating Class Member may: (i) mail a written objection in accordance with the terms of this Paragraph; or (ii) appear (in person or through an attorney) and object at the Final Approval Hearing. The Participating Class Member's written objection must: (i) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (ii) contain the Participating Class Members' full name, signature, address, telephone number, and last four (4) digits of the Participating Class Member's Social Security number or Employee Identification Number; (iii) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; and (iv) be postmarked no later than the Response Deadline. Further, if any objector intends to appear at the Final Approval Hearing, either in person or through counsel, they will include notice of that fact and state the purpose for their appearance in their objection.

The Settlement Administrator shall immediately send all objections to Class Counsel and Defendant's Counsel. The Settlement Administrator will certify jointly to Class Counsel and Defendant's Counsel the number of objections that are submitted (specifying which ones were timely and complete and which were not), and also attach them to a declaration that is to be filed with the Court in advance of the Final Approval Hearing.

The Parties will be permitted to respond in writing to such objections within the time period set by the Court and/or with their motion for final approval papers. If a Participating Class Member objects to the Class Settlement but the Court ultimately approves the Settlement nonetheless, the Participating Class Member will still be entitled to receive their Class Member Payment. Any Class Member who submits a timely and valid Request for Exclusion shall have no right to object to the Settlement.

5.9 No Solicitation: The Parties and their counsel agree not to take any action to solicit or otherwise encourage any Class Member to opt out of, or object to the Settlement, or appeal from the Final Approval Order and Judgment.

5.10 Credited Workweeks Disputes:

a. Class Members and Aggrieved Employees will be entitled to dispute their number of Credited Workweeks by mailing a Credited Workweeks dispute to the Settlement Administrator. A Credited Workweeks dispute must: (i) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (ii) contain the full name, signature, address, telephone number, and last four digits of the Social Security number or Employee Identification Number of the disputing Class Member; (iii) contain a statement indicating that the Class Member seeks to dispute the number of Credited Workweeks credited to

them, the time period(s) they worked for Defendant in an hourly paid or non-exempt position in California during the Class Period and/or PAGA Period, and the number of Credited Workweeks that they contend should be credited to them; (iv) contain documentation and/or other facts supporting the Class Member's position; and (iv) be postmarked no later than the Response Deadline. Defendant will review its records and provide information to the Settlement Administrator in response to any such disputes. Within seven (7) business days of receiving the necessary records and/or information from Defendant, the Settlement Administrator shall review all information and documents received from the Class Member and from Defendant and shall inform Class Counsel and Defendant's Counsel of its decision as to whether it accepts or rejects the dispute. The Settlement Administrator's determination regarding any such dispute shall be final. The disputing Class Member bears the burden of proof. Unless the Class Member can establish that the number of Credited Workweeks credited to them is incorrect, by providing documentation in support thereof or other details to substantiate their position, the total number of Credited Workweeks established by Defendant's records will control.

b. Class Counsel and Defendant's Counsel will timely and effectively cooperate to resolve any disagreements regarding disputed Credited Workweeks. In the event Class Counsel and Defendant's Counsel are not able to reach an agreement regarding a dispute, either Party may request that the Court make a final decision.

c. Upon resolution of all disputes regarding Credited Workweeks, the Settlement Administrator will prepare and circulate to all counsel an updated Class List. Any changes to a Class Member's Credited Workweeks will be reflected in the total Credited Workweeks for the entire Class on the updated Class List.

5.11 **Payment of Settlement Administration Costs:** Settlement Administration Costs shall not exceed Nine Thousand Dollars and No Cents (\$9,000.00) and will be paid out of the Gross Settlement Amount. Should the actual Settlement Administration Costs incurred be less than \$9,000.00, the difference will revert to the Net Settlement Amount for distribution to Participating Class Members.

6. PLAINTIFF'S AND CLASS MEMBERS' OBLIGATIONS TO DEFENDANT

6.1 **Representations:** Plaintiff represents and warrants to Defendant that, other than the Litigation, Plaintiff has no pending charges, complaints, claims, or actions against Defendant arising out of their employment with Defendant in which they assert a claim for unpaid wages or compensation.

6.2 **Release by Participating Class Members:** In exchange for the consideration under this Settlement, and upon Defendant's delivery of the Gross Settlement Amount and employer-side payroll taxes on wages paid to Class Members to the Settlement Administrator, all Participating Class Members, on behalf of themselves and their current, former, and future heirs, executors, administrators, attorneys, agents, and assigns, will and hereby do forever release, waive, acquit, and discharge the Released Parties from the Class Released Claims, as defined in Section 1 of this Agreement.

6.3 **Release by Class Representative:** In exchange for the Class Representative Incentive Payment, and upon Defendant's delivery of the Gross Settlement Amount and employer-side payroll taxes on wages paid to Class Members to the Settlement Administrator, Plaintiff agrees

to release, in addition to the Released Class Claims and Released PAGA Claims described above, all claims whether known or unknown, under federal law and state law against the Released Parties. The Class Representative Incentive Payment shall be paid to Plaintiff specifically in exchange for the general release of the Released Parties from all claims set forth in this Agreement, including those specified in this Paragraph.

Plaintiff expressly waives the protections and any and all benefits of California Civil Code section 1542 which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiff has read and understand California Civil Code section 1542, and expressly acknowledges and agrees that any and all rights under section 1542 of the California Civil Code, other than any rights specifically reserved by law or regulation, are waived. Moreover, Plaintiff acknowledges and expressly assumes the risk of unknown and unanticipated facts and claims that may be discovered at a later point in time to effect a full and complete waiver and release.

Notwithstanding the above, nor anything else in this Settlement, the waiver and release in this Agreement does not apply to: (i) those rights that as a matter of law cannot be waived, including but not limited to workers' compensation claims; and (ii) right or claims arising out of this Agreement.

6.4 Release of PAGA Settlement: In exchange for the consideration under this Settlement, and upon Defendant's delivery of the Gross Settlement Amount to the Settlement Administrator, Plaintiff, the LWDA, and the Aggrieved Employees, will fully and finally release and discharge the Released Parties from the PAGA Released Claims.

7. FINAL APPROVAL OF SETTLEMENT

Following Preliminary Approval and the Response Deadline, Plaintiff shall apply to the Court for entry of an order:

- a. Granting final approval to the Agreement and adjudging its terms to be fair, reasonable, and adequate;
- b. Awarding reasonable attorneys' fees and litigation costs to Class Counsel as determined by the Court;
- c. Approving the Class Representative Incentive Payment, Settlement Administration Costs, and the allocation of the PAGA Payment; and
- d. Entering judgment pursuant to California Rule of Court 3.769 and preserving continuing and exclusive jurisdiction over all matters related to the administration and consummation of the terms of this Settlement and enforcement of the final judgment.

Defendant's Counsel will be given an opportunity to comment on the motion for final approval of the

Settlement prior to its being filed with the Court, and such comments will be implemented to the extent reasonable.

8. CONDITIONS OF SETTLEMENT

Performance by Defendant of the obligations set forth in this Agreement is subject to all of the following material conditions:

- a. Entry by the Court of the Preliminary Approval Order and certification of the Class;
- b. Mailing of the Class Notice to the Class Members in accordance with the Court's Preliminary Approval Order and certification of the Class;
- c. Entry by the Court of the Final Approval Order and Judgment; and
- d. Occurrence of the Effective Date, as defined in Section 1 of this Agreement.

Until and unless all events listed in (a) – (d) above occur, Defendant shall have no obligation to perform under this Agreement, except for obligations provided in this Agreement that are necessary to support achievement of the material conditions listed above. Defendant may only waive the above-listed material conditions to its performance in a separate writing signed by Defendant's counsel after the date this Agreement has been signed by all signatories listed at the end of this Agreement.

9. EFFECT OF SETTLEMENT NOT BEING FINAL

In the event the Settlement does not become final, then the Agreement will become null and void, and all negotiations, proceedings, and statements relating thereto will be without prejudice as to the rights of any and all Parties hereto, and all Parties and their respective predecessors and successors will be deemed to have reverted to their respective positions in the Actions as of the date and time immediately prior to the execution of this Agreement. If the Court does not approve either preliminarily or finally any material term or condition of the Agreement, or if the Court effects a material change to the Parties' Agreement (including but not limited to the scope of release to be granted by Participating Class Members or the binding effect of the Settlement on Participating Class Members), the Parties shall work together in good faith to address any concerns raised by the Court and propose a revised Settlement for the Court's approval.

10. MISCELLANEOUS PROVISIONS

10.1 Governing Law: All terms of the Settlement will be governed by and interpreted according to the laws of the State of California.

10.2 No-Publication Provision: Plaintiff and Plaintiff's Counsel shall not, other than necessary filings related to completing the Settlement and obtaining preliminary and final approval, publicize, advertise, or otherwise draw public or media attention to the fact or terms of settlement, including but not limited to postings on social media (such as Twitter, Instagram, Facebook, TikTok, LinkedIn, Plaintiff's Counsel's firm website, or other social media platform).

10.3 Attorneys' Fees and Costs: Other than as set forth in Section 4.3, above, the Parties agree to bear their own attorneys' fees and costs in connection with the Litigation, including in

the preparation and implementation of this Agreement.

10.4 **Joint Drafting:** Should any provision of this Agreement require interpretation or construction, the person or court interpreting or construing this Agreement, will not apply a presumption that the provision will be more strictly construed against one party by reason of the rule of construction that a document is to be construed against the party who prepared the Agreement. It is agreed that both parties participated in the negotiation and preparation of the provisions of this Agreement.

10.5 **Entire Agreement:** The Agreement represents the sole and entire agreement between the Parties and supersedes any and all prior agreements, negotiations, or discussions between the Parties and/or their respective counsel with respect to the subject matter covered in the Agreement. The Parties further agree that the Agreement may not be modified orally and that any modification of this Agreement must be in writing and executed by the Parties.

10.6 **Severability:** All provisions of this Agreement are severable. The invalidity or unenforceability of any provision of this Agreement shall not affect or impair any other provisions, which shall remain in full force and effect.

10.7 **Captions:** Section or paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of the Agreement or any provision hereof.

10.8 **Counterparts:** This Agreement may be executed in counterparts, all of which together will constitute one and the same instrument. Photographic and electronic copies of such signed counterparts may be used in lieu of the originals for any purpose. Electronic signatures created through the use of electronic signature technology shall be considered equivalent to traditional signatures in conformity with applicable law. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

10.9 **Informed, Voluntary Signature:** In entering into this Agreement, Plaintiff, individually and on behalf of the Class Members and Aggrieved Employees, represents that, before executing this Agreement, he has completely read all the terms herein and that he fully understands and voluntarily accepts the terms after having the opportunity to consult adequate legal counsel of his choice. Plaintiff, individually and on behalf of the Class Members and Aggrieved Employees, further acknowledges and agrees that he has received a reasonable period of time of at least five (5) business days to consider this Agreement and that the subsequent discovery of any facts by him, whether or not existing on the date of this Agreement and no matter how material, shall have no effect on the validity of the Agreement.

10.10 **Mutual Full Cooperation:** The Parties and their counsel agree to fully cooperate with each other to accomplish the terms of this Settlement, including but not limited to execution of such documents and to take any such other action as may reasonably be necessary to implement the terms of this Settlement. The Parties to this Settlement shall use their best efforts, including all efforts contemplated by this Settlement and any other efforts that may become necessary by order of the Court or other to effectuate this Settlement and the terms set forth herein. In the event the Parties are

unable to reach an agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions or actions that may become necessary to effectuate the terms of the Settlement, the Parties shall seek the assistance of the Court or the Mediator to resolve such disagreement.

10.11 Enforcement and Continuing Jurisdiction of the Court: Pursuant to California Rules of Court, Rules 3.769 and 3.771, the Settlement will be approved by the Court and will be enforceable by the Court pursuant to California Code of Civil Procedure section 664.6. Even after the Final Approval Order and Judgment is entered, and notwithstanding it, the Court will have and shall fully retain continuing jurisdiction over the Actions and over the Parties and Class Members necessary or convenient to enforce and effectuate the terms and intent of this Settlement and all matters provided for in it, and to interpret it.

10.12 Use and Return of Class Data: Information provided to Class Counsel pursuant to California Evidence Code section 1152, and all copies and summaries of the class data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) calendar days after the date when the Court discharges the Settlement 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 Defendant unless, prior to the Court's discharge of the Settlement Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of class data.

10.13 Notices. Any notices, requests, demands, or other communications to be provided concerning this Agreement shall be in writing and delivered by receipted delivery and e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

- a. **If to Plaintiff:** Jonathan M. Genish, Karen I. Gold, Ashley H. Cruz,
and Marissa A. Mayhood
Blackstone Law, APC
8383 Wilshire Boulevard, Suite 745
Beverly Hills, CA 90211
jgenish@blackstonepc.com
kgold@blackstonepc.com
acruz@blackstonepc.com
mmayhood@blackstonepc.com
- b. **If to Defendant:** Amanda N. Luftman and Jeremy J. Osher
Boren, Osher & Luftman, LLP
222 N. Pacific Coast Highway, Suite 2222
El Segundo, CA 90245
anluftman@bollaw.com
josher@bollaw.com

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this Settlement Agreement has been duly executed by and on behalf of the Parties as follows:

Dated: September 9, 2024

PLAINTIFF'S COUNSEL:
BLACKSTONE LAW, APC



By: KAREN I. GOLD

Dated: September 9, 2024

PLAINTIFF:



TYLER EMERY

Dated: September 10, 2024

DEFENDANT'S COUNSEL:
BOREN, OSHER & LUFTMAN, LLP



By: AMANDA N. LUFTMAN

Dated: September __, 2024

DEFENDANT:
SANTA CRUZ BICYCLES, LLC



Robert Nava (Sep 10, 2024 18:20 PDT)

By: Robert Nava

Title: Head of People

Ex. A

NOTICE OF PROPOSED CLASS ACTION AND PAGA REPRESENTATIVE ACTION SETTLEMENT

Tyler Emery v. Santa Cruz Bicycles, LLC

Superior Court of California for the County of Santa Cruz, Case Nos. 24CV00244 and 24CV00839

PLEASE READ THIS CLASS NOTICE CAREFULLY.

You have received this Class Notice because Defendant's records indicate that you may be eligible to take part in the class action settlement reached in the above-referenced case.

You do not need to take any action to receive a settlement payment.

This Class Notice is designed to advise you of your rights and options with respect to the settlement, and how you can request to be excluded from the Class Settlement, object to the Class Settlement, and/or dispute the number of Credited Workweeks that you are credited with, if you so choose.

YOU ARE NOTIFIED THAT: A class and representative action settlement has been reached between Plaintiff Tyler Emery ("Plaintiff") and Defendant Santa Cruz Bicycles, LLC ("Defendant") (Plaintiff and Defendant are collectively referred to as the "Parties") in the cases entitled *Tyler Emery v. Santa Cruz Bicycles, LLC*, Santa Cruz County Superior Court, Case Nos. 24CV00244 and 24CV00839 (together, "Actions"), which may affect your legal rights. On [date of Preliminary Approval], the Court granted preliminary approval of the settlement and scheduled a hearing on [hearing date] at [hearing time] ("Final Approval Hearing") to determine whether or not the Court should grant final approval of the settlement.

I. IMPORTANT DEFINITIONS

"Class" or "Class Members" means all current and former hourly-paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the Class Period.

"Class Period" means the period from January 25, 2020 through October 15, 2024, inclusive.

"Class Settlement" means the settlement and resolution of all Class Released Claims.

"Aggrieved Employees" means all current and former hourly-paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period.

"PAGA Period" means the period from January 16, 2023 through October 15, 2024, inclusive.

"PAGA Settlement" means the settlement and resolution of all PAGA Released Claims.

II. BACKGROUND OF THE ACTION

On January 16, 2024, Plaintiff provided written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the California Labor Code that Plaintiff contends were violated. On January 25, 2024, Plaintiff commenced a putative class action lawsuit against Defendant by filing a Class Action Complaint for Damages. On March 22, 2024, Plaintiff filed a separate Complaint for Damages and Enforcement Action Under the Private Attorneys General Act, California Labor Code §§ 2698 Et Seq. for the same wage and hour violations alleged in the class action lawsuit.

Plaintiff contends that Defendant failed to properly pay minimum and overtime wages, provide compliant meal and rest breaks and associated premiums, timely pay wages upon termination of employment and associated waiting-time penalties, provide accurate wage statements, and reimburse business expenses, and thereby engaged in unfair business practices in violation of the California Business and Professions Code section 17200, *et seq.*, and conduct that gives rise to penalties under PAGA. Plaintiff seeks, among other things, recovery of unpaid wages and meal and rest period premiums, unreimbursed business expenses, restitution, penalties, interest, and attorneys' fees and costs.

Defendant denies all of the allegations in the Actions or that it violated any law.

The Parties participated in mediation with a respected class action mediator, and as a result, the Parties reached a settlement. The Parties have since entered into a Class Action and PAGA Representative Action Settlement and Release (“Settlement” or “Settlement Agreement”).

On [Date of Preliminary Approval], the Court entered an order preliminarily approving the Settlement. The Court has appointed ILYM Group, Inc. as the administrator of the Settlement (“Settlement Administrator”), Plaintiff Tyler Emery as representative of the Class (“Class Representative”), and the following Plaintiff’s attorneys as counsel for the Class (“Class Counsel”):

Jonathan M. Genish
Karen I. Gold
Ashley H. Cruz
Marissa A. Mayhood
Blackstone Law, APC
8383 Wilshire Boulevard, Suite 745
Beverly Hills, California 90211
Tel: (310) 622-4278 / Fax: (855) 786-6356

If you are a Class Member, you need not take any action to receive a Class Member Payment, but you have the opportunity to request exclusion from the Class Settlement (in which case you will not receive a Class Member Payment), object to the Class Settlement, and/or dispute the Credited Workweeks assigned to you, if you so choose, as explained more fully in Sections III and IV below. If you are an Aggrieved Employee, you do not need to take any action to receive a PAGA Settlement Payment; you will not have the opportunity to object or seek exclusion from the PAGA Settlement and all Aggrieved Employees will be bound to the PAGA Settlement if the Court grants final approval of the Settlement.

The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendant that the claims in the Actions have merit or that Defendant has any liability to Plaintiff, Class Members, or Aggrieved Employees. Plaintiff and Defendant, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of the Class Members, the State of California, and Aggrieved Employees.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula

The total gross settlement amount is Nine Hundred Forty-Nine Thousand Two Hundred Eighty-Five Dollars and No Cents (\$949,285.00) (the “Gross Settlement Amount”). The portion of the Gross Settlement Amount that is available for payment to Class Members is referred to as the “Net Settlement Amount.” The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) attorneys’ fees, in an amount not to exceed thirty-five percent (35%) of the Gross Settlement Amount (*i.e.*, \$332,249.75 if the Gross Settlement Amount is \$949,285.00), and reimbursement of litigation costs and expenses, in an amount not to exceed Twenty-Four Thousand Dollars and No Cents (\$24,000.00) to Class Counsel; (2) Class Representative Incentive Payment in an amount not to exceed Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00) to Plaintiff for his services in the Actions; (3) the amount of Fifty Thousand Dollars and No Cents (\$50,000.00) allocated toward civil penalties under the Private Attorneys General Act (“PAGA Payment”), of which the LWDA will be paid 75% (\$37,500.00) and the remaining 25% (\$12,500.00) will be distributed to Aggrieved Employees; and (4) Settlement Administration Costs in an amount not to exceed Nine Thousand Dollars and No Cents (\$9,000.00) to the Settlement Administrator.

Class Members are eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount (“Class Member Payment”) and Aggrieved Employees are eligible to receive payment under the PAGA Settlement of their *pro rata* share of the 25% portion of the PAGA Payment (“Individual PAGA Payment”). Class Member Payments and Individual PAGA Payments are based on the number of workweeks worked by the Class Members during the Class Period and the number of workweeks worked by the Aggrieved Employees during the PAGA Period (“Credited Workweeks”).

To calculate Class Member Payments, the Settlement Administrator has multiplied the Net Settlement Amount by a

fraction, the numerator of which is the Class Member's Credited Workweeks during the Class Period, and the denominator of which is the total Credited Workweeks worked by all Class Members during the Class Period. If the Class Member has previously entered into a settlement agreement and received a settlement payment from Defendant, the amount of the settlement payment you already received will be deducted from the Class Member's Class Member Payment.

Class Members who do not submit a timely and valid Request for Exclusion ("Participating Class Members") will be issued their final Class Member Payment.

Each Class Member Payments will be allocated as twenty percent (20%) as wages; sixty-five percent (65%) as penalties; and fifteen (15%) as interest. The wages will be reported on an IRS Form W-2, and the interest and penalties will be reported on IRS Forms 1099-MISC and/or 1099-INT to the extent required by law. Each Class Member Payment will be subject to reduction for the employee's share of payroll taxes and withholdings with respect to the wages portion of the Class Member Payment resulting in a net payment to the Participating Class Member. The employer's share of taxes and contributions in connection with the wages portion of Class Member Payments will be paid by Defendant separately and in addition to the Gross Settlement Amount.

To calculate PAGA Settlement Payments, the Settlement Administrator has multiplied the 25% portion of the PAGA Payment by a fraction, the numerator of which is the Aggrieved Employee's Credited Workweeks during the PAGA Period, and the denominator of which is the total Credited Workweeks worked by all Aggrieved Employees during the PAGA Period

Each PAGA Settlement Payment will be allocated as one hundred percent (100%) penalties, will not be subject to taxes or withholdings, and will be reported on IRS Form 1099 (if applicable).

If the Court grants final approval of the Settlement, Class Member Payments will be mailed to Participating Class Members and PAGA Settlement Payments will be mailed to Aggrieved Employees at the address that is on file with the Settlement Administrator. **If the address to which this Class Notice was mailed is not correct, or if you move after you receive this Class Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure you receive any payment that you may be entitled to under the Settlement.**

B. Your Covered Workweeks Based on Defendant's Records

According to Defendant's records:

- **From January 25, 2020 through October 15, 2024 (i.e., the Class Period), you are credited as having worked [REDACTED] Covered Workweeks.**
- **From January 16, 2023 through October 15, 2024 (i.e., the PAGA Period), you are credited as having worked [REDACTED] Covered Workweeks.**

If you wish to dispute the Covered Workweeks credited to you, you must submit your dispute in writing to the Settlement Administrator. The Covered Workweeks dispute must: (a) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security number or Employee Identification Number; (c) contain a statement indicating that you seek to dispute the number of Credited Workweeks credited to you, the time period(s) you worked for Defendant in an hourly paid or non-exempt position in California during the Class Period and/or PAGA Period, and the number of Credited Workweeks that you contend should be credited to you; (d) contain documentation and/or other facts supporting your position; and (e) be postmarked no later than **[Response Deadline]**.

C. Your Estimated Class Member Payment and PAGA Settlement Payment (if applicable)

As explained above, your estimated Class Member Payment and PAGA Settlement Payment (if applicable) is based on the number of Covered Workweeks credited to you. If you already entered into a settlement agreement and received a settlement payment from Defendant, then your portion of your Class Member Payment will be reduced to account for that previous payment.

Under the terms of the Settlement, your Class Member Payment is estimated to be \$ [REDACTED].

Based on Defendant's records, you already received \$ [REDACTED] in settlement funds related to the claims asserted in this lawsuit. Accordingly, that amount has been deducted from your Class Member Payment.

The Class Member Payment is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Class Member Payment and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

Under the terms of the Settlement, your PAGA Settlement Payment is estimated to be \$ [REDACTED] and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

The settlement approval process may take multiple months. Your Class Member Payment and PAGA Settlement Payment (if applicable) reflected in this Class Notice is only an estimate. Your actual Class Member Payment and PAGA Settlement Payment (if applicable) may be higher or lower.

D. Release of Claims

In exchange for the consideration under the Settlement, and upon Defendant's delivery of the Gross Settlement Amount and employer-side payroll taxes on wages paid to Class Members to the Settlement Administrator, all Participating Class Members, on behalf of themselves and their current, former, and future heirs, executors, administrators, attorneys, agents, and assigns, will and hereby do forever release, waive, acquit, and discharge the Released Parties from the Class Released Claims.

In exchange for the consideration under the Settlement, and upon Defendant's delivery of the Gross Settlement Amount to the Settlement Administrator, Plaintiff, the LWDA, and the Aggrieved Employees, will fully and finally release and discharge the Released Parties from the PAGA Released Claims.

"Class Released Claims" means all claims made or which could have been made based on the facts pled in the Class Action Complaint, arising during the Class Period, including, but not limited to, claims for: (i) Failure to Pay Minimum Wage (Labor Code §§ 1194, 1197, and 1197.1); (ii) Failure to Pay Overtime (Labor Code §§ 510 and 1198); (iii) Failure to Provide Timely Off-Duty Meal Breaks or Compensation in Lieu Thereof (Labor Code §§ 226.7 and 512); (iv) Failure to Provide Timely, Off-Duty Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7); (v) Failure to Timely Pay Wages During Employment (Labor Code §§ 204 and 210); (vi) Failure to Provide Accurate Itemized Wage Statements (Labor Code § 226(a)); (vii) Failure to Timely Pay All Wages Due at Separation (Labor Code §§ 201, 202 and 203); (viii) Failure to Reimburse Necessary Business Expenses (Labor Code §§ 2800 and 2802); and (ix) Violation of Unfair Competition Law (Business & Professions Code § 17200, *et seq.*).

"PAGA Released Claims" means all claims made or which could have been made for civil penalties under the PAGA, Labor Code section 2698, *et seq.*, based on the facts pled in Plaintiff's letter to the LWDA and the PAGA Action Complaint, arising during the PAGA Period, including, but not limited to, claims for: (i) Failure to Pay Minimum Wage (Labor Code §§ 1194, 1197, and 1197.1); (ii) Failure to Pay Overtime (Labor Code §§ 510 and 1198); (iii) Failure to Provide Timely Off-Duty Meal Breaks or Compensation in Lieu Thereof (Labor Code §§ 226.7 and 512); (iv) Failure to Provide Timely, Off-Duty Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7); (v) Failure to Timely Pay Wages During Employment (Labor Code §§ 204 and 210); (vi) Failure to Provide Accurate Itemized Wage Statements (Labor Code § 226(a)); (vii) Failure to Timely Pay All Wages Due at Separation (Labor Code §§ 201, 202 and 203); (viii) Failure to Keep Complete and Accurate Payroll Records (Labor Code § 1174(d)); and (ix) Failure to Reimburse Necessary Business Expenses (Labor Code §§ 2800 and 2802).

"Released Parties" means Santa Cruz Bicycles, LLC, their present and former officers, directors, members, managers, shareholders, employees, agents, parents, subsidiaries, affiliates, insurers, operators, partners, joint ventures, consultants, attorneys, successors, or assignees.

E. Attorneys' Fees and Costs to Class Counsel

Class Counsel will seek attorneys' fees in an amount not to exceed (35%) of the Gross Settlement Amount (*i.e.*, \$332,249.75 if the Gross Settlement Amount is \$949,285.00) ("Class Counsel's Attorneys' Fees") and reimbursement of litigation costs and expenses in an amount not to exceed Twenty-Four Thousand Dollars and No Cents (\$24,000.00) ("Class Counsel's Litigation Costs"), subject to approval by the Court. The Class Counsel's Attorneys' Fees and Class Counsel's Litigation Costs granted by the Court will be paid from the Gross Settlement Amount. Class Counsel has been prosecuting the Actions on behalf of Plaintiff, Class Members, and Aggrieved Employees on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses.

F. Class Representative Incentive Payment to Plaintiff

Plaintiff will seek the amount of Seven Thousand Five Hundred Dollars and No Cents (\$7,500.00) ("Class Representative Incentive Payment"), in recognition of his services in connection with the Actions. The Class Representative Incentive Payment will be paid from the Gross Settlement Amount, subject to approval by the Court, and if awarded, it will be paid to Plaintiff in addition to his Class Member Payment and PAGA Settlement Payment that he is entitled to under the Settlement.

G. Settlement Administration Costs to Settlement Administrator

Payment to the Settlement Administrator is estimated not to exceed Nine Thousand Dollars and No Cents (\$9,000.00) ("Settlement Administration Costs") for the costs of the notice and settlement administration process, including and not limited to, the expense of notifying the Class Members of the Settlement, processing Requests for Exclusion, written objections, and Covered Workweeks disputes, calculating Class Member Payments and PAGA Settlement Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Gross Settlement Amount, subject to approval by the Court.

IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. Participate in the Settlement

If you want to participate in the Class Settlement and receive money from the Class Settlement, you do not have to do anything. You will automatically be included in the Class Settlement and issued your Class Member Payment unless you decide to exclude yourself from the Class Settlement.

Unless you elect to exclude yourself from the Class Settlement and if the Court grants final approval of the Settlement, you will be bound by the terms of the Class Settlement and any judgment that may be entered by the Court based thereon, and you will release the Class Released Claims against the Released Parties as described in Section III.D above.

If you are an Aggrieved Employee and the Court grants final approval of the Settlement, you will automatically be included in the PAGA Settlement and issued your PAGA Settlement Payment. This means you will be bound by the terms of the PAGA Settlement and any judgment that may be entered by the Court based thereon, and you will release the PAGA Released Claims against the Released Parties as described in Section III.D above.

As a Class Member and Aggrieved Employee (if applicable), you will not be separately responsible for the payment of attorney's fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney's fees and expenses.

B. Request Exclusion from the Class Settlement

Class Members may request to be excluded from the Class Settlement by submitting a letter ("Request for Exclusion") to the Settlement Administrator, at the following address:

[Settlement Administrator]
[Mailing Address]

A Request for Exclusion must: (a) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security number or Employee Identification Number; (c) contain a statement that you

wish to be excluded from the Class Settlement; and (d) be postmarked no later than **[Response Deadline]**.

If the Court grants final approval of the Settlement, any Class Member who submits a timely and valid Request for Exclusion will not be issued a Class Member Payment, will not be bound by the Class Settlement (and the release of Class Released Claims described in Section III.D above), and will not have any right to object to, appeal, or comment on the Class Settlement. Class Members who do not submit a timely and valid Request for Exclusion will be deemed Participating Class Members and will be bound by all terms of the Class Settlement, including those pertaining to the release of claims described in Section III.D above, as well as any judgment that may be entered by the Court based thereon. Aggrieved Employees will be bound to the PAGA Settlement (and the release of PAGA Released Claims described in Section III.D above) and will still be issued a PAGA Settlement Payment, irrespective of whether they submit a Request for Exclusion.

C. Object to the Class Settlement

You can object to the Class Settlement as long as you have not submitted a Request for Exclusion by submitting a written objection to the Settlement Administrator.

The written objection must: (a) contain the case name and number of one or both of the Actions (*Emery v. Santa Cruz Bicycles, LLC*, Case Nos. 24CV00244 and 24CV00839); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security number or Employee Identification Number; (c) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; and (d) be postmarked no later than **[Response Deadline]**.

You may also appear at the Final Approval Hearing and present your objection orally, regardless of whether you have submitted a written objection.

If the Court overrules your objection, you will be bound by the Settlement and will receive your Class Member Payment.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Department 5 of the Santa Cruz County Superior Court, located at 701 Ocean Street, Santa Cruz, California, 95060, on **[date]**, at **[time]**, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve and grant the Class Counsel's Attorneys' Fees and Class Counsel's Litigation Costs to Class Counsel, Class Representative Incentive Payment to Plaintiff, and Settlement Administration Costs to the Settlement Administrator.

The Final Approval Hearing may be continued without further notice to the Class Members and Aggrieved Employees. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

You can appear remotely at <https://santacruzcourt-org.zoomgov.com/j/1615592790> or Dial: 1 (669) 216-1590 and provide the Meeting ID: 161 559 2790.

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement Agreement, you should review the detailed Settlement Agreement and other papers, which are on file with the Court.

You may view the Settlement Agreement and other documents filed in the Action for free by visiting the civil clerk's office located at Santa Cruz Courthouse, 701 Ocean Street, Santa Cruz, California 95060, during business hours, or online by visiting the following website: <https://portal.santacruzcourt.org/portal>, clicking "Smart Search" and typing in the Court Case Numbers "24CV00244" and/or "24CV00839."

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT.

IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: **[INSERT], OR YOU MAY ALSO CONTACT CLASS COUNSEL.**