PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AGREEMENT AND RELEASE

This Private Attorneys General Act Settlement Agreement and Release (Settlement Agreement" or "Settlement") is entered into by and between Mario Fosados ("Plaintiff"), individually and as a representative of the State of California and the Aggrieved Employees (as defined in Section 3(a)(5) below) and Drew Chain Security Corp. ("Defendant"), subject to approval by the Court. The term "Party" or "Parties" as used herein shall refer to Plaintiff, Defendant, or both, as may be appropriate.

1. **Recitals.** This Settlement Agreement is made with reference to the following facts:

(a) Plaintiff is a former employee of Defendant. Plaintiff was employed by Defendant from approximately June 2022 to July 2023;

(b) On January 4, 2024, Blackstone Law, APC ("Plaintiff's Counsel"), submitted a letter on behalf of Plaintiff to the California Labor and Workforce Development Agency ("LWDA") and Defendant to notify the LWDA and Defendant pursuant to the Private Attorneys General Act of 2004, Labor Code section 2698, *et seq*. ("PAGA") of Plaintiff's intent to seek civil penalties under PAGA for Defendant's alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the applicable Industrial Welfare Commission Wage Orders, thereby initiating LWDA Case Number LWDA-CM-1003121-24 ("PAGA Notice");

(c) On January 8, 2024, Plaintiff filed a Class Action Complaint entitled *Mario Fosados v. Drew Chain Security Corp.*, Los Angeles County Superior Court Case No. 24STCV00519 ("Action") against Defendant. The Action alleged nine (9) causes of action for violations of the California Labor Code for failure to pay minimum wages, failure to pay overtime wages, failure to provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant rest periods and premium payments in lieu thereof, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to timely pay wages upon termination, and failure to reimburse necessary business expenses, and for violations of California Business & Professions Code Section 17200, *et seq*. based on the aforementioned California Labor Code violations.

(d) On March 11, 2024, Plaintiff filed a First Amended Class and Representative Action Complaint ("Operative Complaint"), adding a cause of action under PAGA.

(e) On February 24, 2025, pursuant to Plaintiff's request, the Court dismissed the class claims from the Operative Complaint without prejudice.

(f) On November 4, 2024, the Parties mediated the Action with Steven J. Rottman, Esq., and with the mediator's assistance, the Parties ultimately reached the Settlement described herein to resolve the Action in its entirety;

(g) There has been no determination on the merits of the Action or the PAGA Notice but, in order to avoid additional cost and the uncertainty of litigation, the Parties desire to resolve the Action and Released Claims (as defined in Section 6(a) below).

2. **No Admission of Wrongdoing.** The Parties agree that neither this Settlement Agreement nor the furnishing of the consideration for this Settlement Agreement shall be deemed or construed at any time for any purpose as an admission by the Released Parties of wrongdoing or evidence of any liability or unlawful conduct of any kind.

3. **Consideration.**

(a) Defendant shall pay the maximum gross sum of Three Hundred Thousand Dollars ($300,000.00) (the "Gross Settlement Amount") to resolve the Action and Released Claims (as defined in Section 6(a) below), which will be paid as follows:

(1) Attorneys' fees in the amount of One-Third (1/3) of the Gross Settlement Amount, which is currently estimated to be One Hundred Thousand Dollars ($100,000.00), and reimbursement of litigation costs and expenses in the amount of up to Twenty-Eight Thousand Dollars ($28,000.00) (collectively, "Attorneys' Fees and Costs") to Plaintiff's Counsel, which Defendant will not contest.

(2) A general release fee of up to the amount of Five Thousand Dollars ($5,000.00) ("General Release Fee") to Plaintiff, which Defendant will not contest.

(3) Costs and expenses of administration of the Settlement up to the amount of Eight Thousand Dollars ($8,000.00) ("Settlement Administration Costs") to ILYM Group, Inc. ("Settlement Administrator").

(4) The amounts stated in Sections 3(a)(1) – 3(a)(3) above, once approved by the Court, shall be paid from the Gross Settlement Amount. The balance remaining after these deductions is referred to as the "Net Settlement Amount."

(5) Seventy-five percent (75%) of the Net Settlement Amount will be distributed to the LWDA ("LWDA Payment"); and the remaining twenty-five percent (25%) will be distributed 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 ("Aggrieved Employees"). The period January 4, 2023 to November 4, 2024 is the "PAGA Period." The twenty-five percent (25%) portion of the Net Settlement Amount payable to the Aggrieved Employees is referred to as the "Employees' Portion."

(6) Defendant has represented that the Aggrieved Employees worked 10,723 Pay Periods (as defined in Section 5(b) below) during the PAGA Period. If it is determined by the Settlement Administrator that the total number of Pay Periods worked by the Aggrieved Employees during the PAGA Period actually exceeds 10,723 by more than 10% (i.e., if the Pay Periods exceed 11,795), then the Gross Settlement Amount will be increased on a *pro rata* basis equal to the percentage increase in the number of Pay Periods worked by the Aggrieved Employees

above 11,795 Pay Periods, or Defendant may elect to modify the PAGA Period end date so that the total number of Pay Periods does not exceed 10,723.

(b) Because this is a settlement of PAGA claims for civil penalties only, no portion of the Settlement is allocated to unpaid wages. One hundred percent (100%) of the payments for Attorneys' Fees and Costs, General Release Fee, and the Net Settlement Amount to be paid to the LWDA and Aggrieved Employees as described in Section 3(a) above will be treated and reported for tax purposes as non-wage payments and the Settlement Administrator will be responsible for issuing IRS Forms 1099, as required.

4. **Approval and Implementation of the PAGA Settlement.**

(a) The Parties are aware that some courts have approved a PAGA settlement and entered an order approving the settlement and judgment and thereafter closed the case, while others have approved a PAGA settlement and entered only an order approving the settlement with later instructions to file a request for dismissal of the action. The Parties agree to cooperate and take any and all steps required by the Court in the Action to implement the settlement and terminate the Action pursuant to settlement (i.e., to terminate the Action by way of judgment or dismissal).

(b) The Parties further agree to cooperate in the drafting and/or filing of any further documents and/or filings reasonably necessary to be prepared and/or filed, and to take all steps that may be requested by the Court in order to obtain approval and implementation of this Settlement Agreement, and the payments described in Section 3(a) above.

(c) The Parties shall seek to obtain Court approval of this Settlement Agreement by way of an unopposed motion to be filed by Plaintiff's Counsel. Plaintiff's Counsel shall provide a draft of all documents to be submitted in connection with the motion to approve this Settlement Agreement to Anthony Oceguera of O'Hagan Meyer LLP ("Defendant's Counsel") for review. Defendant's Counsel will be given an opportunity to comment on the papers prior to their being filed with the Court, and such comments will be implemented to the extent reasonable.

(d) The Parties expressly acknowledge that the Court's approval of the Settlement Agreement is a condition precedent to any payments described in this Settlement Agreement. Therefore, the Parties further acknowledge that, should the Court not grant approval of this Settlement Agreement and/or should the Court refuse to grant judgment or dismissal of the Action and close the Action based on the Settlement, the entirety of this Settlement Agreement shall be null and void.

5. **Payment of the Gross Settlement Amount / Notice to Recipients.**

(a) Subject to Court approval of this Settlement Agreement, payment of the sums described in Section 3(a) above shall be made by Defendant by transmitting the Gross Settlement Amount to a qualified settlement account established by the Settlement Administrator for administration of this Settlement, within twenty-one (21) calendar days of the Court's order granting approval of this Settlement Agreement. If the date by which payment by Defendant is due falls on a Saturday, Sunday, or legal holiday in the State of California, then the due date shall be extended to the next following day which is not a Saturday, Sunday, or legal holiday in the State of California.

(b) Each Aggrieved Employee will be entitled to a *pro rata* share of 25% of the Net Settlement Agreement (i.e., the Employees' Portion) based upon the number of pay periods they each worked for Defendant as an hourly-paid and/or non-exempt employee in California during the PAGA Period ("Pay Periods"). Pay Periods will be calculated by the Settlement Administrator by employment dates, excluding any designated time off (e.g., time off due to FMLA/CFRA leaves, Workers' Compensation medical leaves, etc.). To calculate each Aggrieved Employee's share of the Employees' Portion ("Individual PAGA Payment"), the Settlement Administrator shall: (i) for each Aggrieved Employee, divide the number of Pay Periods the Aggrieved Employee worked by the total aggregate number of Pay Periods worked by all Aggrieved Employees, and then (ii) multiply this amount by the Employees' Portion to arrive at each Aggrieved Employee's Individual PAGA Payment.

(1) One hundred percent (100%) of all Individual PAGA Payments are to be considered penalties and the Settlement Administrator will not undertake any deductions, withholding, or remittances for local, state, or federal taxes. Aggrieved Employees' Individual PAGA Payments will be reported on an IRS Form 1099, as required.

(c) The Settlement Administrator shall distribute each Individual PAGA Payment by way of check, along with a cover letter ("Cover Letter") agreed to by the Parties and approved by the Court, in substantially the form attached hereto as "**Exhibit A**," in the following manner:

(1) No later than seven (7) calendar days after the Court's order granting approval of the Settlement, Defendant shall provide the Settlement Administrator with a list of all Aggrieved Employees (the "Aggrieved Employees List"), containing the following information for each Aggrieved Employee: (i) first and last name; (ii) last known address; (iii) last known telephone number; (iv) Social Security number; (v) dates worked during the PAGA Period; and (vi) which Aggrieved Employees need the Cover Letter translated and which language.

(2) The Settlement Administrator shall conduct one (1) National Change of Address ("NCOA") search for all individuals identified on the Aggrieved Employees List.

(3) No later than seven (7) calendar days after the Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the Settlement Administrator shall mail the agreed-upon Cover Letter and Individual PAGA Payment checks (together, the "PAGA Settlement Package") to all Aggrieved Employees by First-Class United States mail. For each PAGA Settlement Package that is returned undeliverable within thirty (30) calendar days of the initial mailing, the Settlement Administrator shall promptly attempt to locate an alternative, updated address for the Aggrieved Employee at issue, by using a skip-trace search and shall attempt one (1) re-mailing of the PAGA Settlement Package.

(4) The Individual PAGA Payment checks issued to Aggrieved Employees shall remain valid for one hundred eighty (180) calendar days, and thereafter, shall be canceled. Funds associated with such canceled checks shall be transmitted to the State Controller's Office Unclaimed Property Division in the name of the Aggrieved Employee(s) at issue and in the amount of their respective Individual PAGA Payment(s).

(5) No later than seven (7) calendar days after the Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the Settlement Administrator shall transmit the LWDA Payment to the LWDA.

(6) No later than seven (7) calendar days after the Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the Settlement Administrator shall transmit the General Release Fee to Plaintiff.

(7) No later than seven (7) calendar days after the Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the Settlement Administrator shall transmit the Attorneys' Fees and Costs to Plaintiff's Counsel.

(8) No later than seven (7) calendar days after the Settlement Administrator receives the Aggrieved Employees List and Gross Settlement Amount, the Settlement Administrator shall transmit the Settlement Administration Costs to itself.

6. **Release of Claims by Plaintiff and the Aggrieved Employees.**

(a) Upon the date of the Court's order granting approval of the Settlement Agreement and full funding of the Gross Settlement Amount, the Aggrieved Employees will be deemed to have fully, finally, and forever released Defendant and its current and former officers, directors, members, insurers, shareholders, subsidiaries, affiliates, predecessors, successors, and assigns (collectively, the "Released Parties") from any and all claims arising from any of the factual allegations in the PAGA Notice and Operative Complaint, arising during the PAGA Period, for civil penalties under the Private Attorneys General Act of 2004, California Labor Code sections 2698 *et seq*., which specifically includes claims for Defendant's alleged failure to pay overtime and minimum wages, provide compliant meal and rest periods and associated premium payments, timely pay wages during employment and upon termination, provide complaint wage statements, maintain complete and accurate payroll records, and reimburse necessary business-related expenses in violation of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the applicable Industrial Welfare Commission Wage Order (collectively, "Released Claims").

(b) Upon the date of the Court's order granting approval of the Settlement Agreement and full funding of the Gross Settlement Amount, Plaintiff will be deemed to have fully, finally, and forever released the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney's fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, all claims arising from or relating to Plaintiff's employment with

Defendant, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort including defamation, or any legal restrictions on Defendant's right to hire, refuse to hire or terminate its employees, or any federal, state or local court of law or equity or other governmental statute, regulation or ordinance which Plaintiff now owns or holds, or claims to have, own or hold, or which Plaintiff at any time heretofore had, owned or held, or claimed to have, own or hold against any of the Released Parties Releasees arising at any time up to and including, the date that Plaintiff signs this Agreement (collectively "Plaintiff's Release"). The Plaintiff's Release does not extend to any claims or actions to enforce this Settlement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time. 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 the Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

<u>Plaintiff's Waiver of Rights Under California Civil Code Section 1542</u>. For purposes of the Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California 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.

7. **<u>Governing Law and Interpretation</u>.**

(a) This Settlement Agreement shall be governed and conformed in accordance with the laws of the State of California. Should any non-material provision of this Settlement Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such provision immediately shall become null and void, leaving the remainder of this Settlement Agreement in full force and effect.

(b) In the event of a breach of any provision of this Settlement Agreement, any Party reserves the right to institute an action specifically to enforce any term or terms of this Settlement Agreement or seek damages for breach. In an action to enforce any term or terms of this Settlement Agreement or to seek damages for breach of this Settlement Agreement, the prevailing Party in that action shall be entitled to recover reasonable attorneys' fees and costs from the non-prevailing Party.

8. **<u>Amendment</u>.** This Settlement Agreement may not be modified, altered, or changed except in writing and signed by both Parties' counsel, subject to approval by the Court.

9. **<u>Miscellaneous</u>.**

(a) The Parties agree to stay all proceedings in the Action, including with respect to California Code of Civil Procedure section 583.310, except such proceedings necessary to implement and complete the Settlement, pending approval of the Settlement.

(b) This Settlement Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which, taken together shall constitute the same instrument. A signature made on a faxed or electronically transmitted copy of the Settlement Agreement or a signature transmitted by facsimile or electronic mail shall have the same effect as the original signature.

(c) The section headings used in this Settlement Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify, or otherwise be used in the interpretation of any of the provisions hereof.

(d) This Settlement Agreement was the result of negotiations between the Parties and their respective counsel under the auspices of mediator Steven J. Rottman, Esq. In the event of vagueness, ambiguity, or uncertainty, this Settlement Agreement shall not be construed against the Party preparing it but shall be construed as if both Parties prepared it jointly, and the Parties may present their disputes to the mediator to resolve any vagueness, ambiguity, or uncertainty.

(e) If Plaintiff or Defendant fail to enforce this Settlement Agreement or to insist on performance of any term, that failure does not mean a waiver of that term or of the Settlement Agreement. This Settlement Agreement remains in full force and effect anyway.

HAVING ELECTED TO EXCECUTE THIS SETTLEMENT AGREEMENT, TO FULFILL THE PROMISES, AND TO RECEIVE THE CONSIDERATION SET FORTH ABOVE, PLAINTIFF AND DEFENDANT, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTER INTO THIS SETTLEMENT AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Settlement Agreement as of the date set forth below:

PLAINTIFF MARIO FOSADOS

Dated: 03/07/2025

Mario Fosados

DEFENDANT DREW CHAIN SECURITY CORP.

Dated: 03/12/2025

Full Name: A. Kasalyan

Title: COO

On behalf of Drew Chain Security Corp.

APPROVED AS TO FORM ONLY:

BLACKSTONE LAW, APC

Dated: March 7, 2025

Jonathan M. Genish
Attorneys for Plaintiff Mario Fosados

O'HAGAN MEYER LLP

Dated: March 12, 2025

Anthony Oceguera
Attorneys for Defendant Drew Chain Security Corp.

<u>Exhibit A</u>

To: <<First Name>><<Last Name>>
<<Street Address>>
<<City>><<State>><<Zip>>

Re: Settlement Payment from *Mario Fosados v. Drew Chain Security Corp.*, Los Angeles County Superior Court Case No. 24STCV00519

Dear <<First Name>><<Last Name>>:

Please find enclosed a check in the amount of **<<amount of payment>>** ("Individual PAGA Payment"). This check is your payment from the settlement in the lawsuit entitled *Mario Fosados v. Drew Chain Security Corp.*, Los Angeles County Superior Court Case No. 24STCV00519 ("Action").

The Action was filed on January 8, 2024 and amended on March 11, 2024 by Mario Fosados ("Plaintiff") against his former employer Drew Chain Security Corp. ("Defendant"). Plaintiff, on behalf of the State of California, with respect to himself and other alleged aggrieved employees, seeks recovery of civil penalties pursuant to the Private Attorneys General Act of 2004, California Labor Code § 2698, *et seq.* ("PAGA"), for multiple alleged violations of the California Labor Code and Industrial Welfare Commission Wage Orders, including, *inter alia*, for failure to properly pay minimum and overtime wages, failure to provide compliant meal and rest periods and associated premiums, failure to pay wages during employment and upon termination, failure to provide compliant wage statements, failure to maintain complete and accurate payroll records, and failure to reimburse business expenses. Prior to initiating the Action, on January 4, 2024, Plaintiff submitted a letter to the California Labor and Workforce Development Agency ("LWDA"), pursuant to PAGA, to provide notice of his intent to seek civil penalties under PAGA for Defendant's alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the applicable Industrial Welfare Commission Wage Orders, thereby initiating LWDA Case Number LWDA-CM-1003121-24 ("PAGA Notice").

Defendant denies all of Plaintiff's allegations and denies any wrongdoing of any kind associated with Plaintiff's allegations. A settlement was reached between Plaintiff and Defendant.

On <<Date>>, the settlement was approved by the Court, with a portion to be paid to the LWDA and a portion to be paid 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 ("Aggrieved Employees"). The period January 4, 2023 to November 4, 2024 is the "PAGA Period."

You are receiving a portion of the settlement (the enclosed Individual PAGA Payment) because you have been identified as an Aggrieved Employee. Your Individual PAGA Payment is based on the total number of pay periods that you worked for Defendant in California during the PAGA Period. The Individual PAGA Payment is considered to be 100% penalties, which will be reported on an IRS Form 1099 (if applicable). You are responsible for paying any and all taxes that may be due as a result of any payment issued to you under the settlement and should consult a tax advisor regarding the tax consequences of such payment.

Under the settlement, as of <<date of Court's order granting approval of the Settlement Agreement and full funding of the Gross Settlement Amount>>, the Released Parties were fully, finally, and forever released from the Released Claims.

> "Released Parties" means Defendant and its current and former officers, directors, members, insurers, shareholders, subsidiaries, affiliates, predecessors, successors, and assigns.

"Released Claims" means any and all claims arising from any of the factual allegations in the PAGA Notice and Operative Complaint, arising during the PAGA Period, for civil penalties under the Private Attorneys General Act of 2004, California Labor Code sections 2698 *et seq*., which specifically includes claims for Defendant's alleged failure to pay overtime and minimum wages, provide compliant meal and rest periods and associated premium payments, timely pay wages during employment and upon termination, provide complaint wage statements, maintain complete and accurate payroll records, and reimburse necessary business-related expenses in violation of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the applicable Industrial Welfare Commission Wage Order.

The enclosed check is valid for 180 calendar days from the original date of issuance and mailing, and if it is not cashed, deposited, or otherwise negotiated within the 180-day timeframe, it will be canceled, and the funds associated with the canceled check will be transmitted to the State Controller's Office Unclaimed Property Division in your name and in the amount of your Individual PAGA Payment.

Do not call or write the Court, Office of the Clerk of the Court, Defendant, or Defendant's counsel to ask questions about the settlement or to ask tax-related questions. If you have any such questions, you may contact [Settlement Administrator] at [toll-free phone number].