Edwin Aiwazian (SBN 232943)
edwin@calljustice.com
Arby Aiwazian (SBN 269827)
arby@calljustice.com
Joanna Ghosh (SBN 272479)
joanna@calljustice.com
Elizabeth Parker-Fawley (SBN 301592)
elizabeth@calljustice.com
LAWYERS *for* JUSTICE, PC
450 N. Brand Boulevard, Suite 900
Glendale, California 91203
Telephone: (818) 265-1020 / Fax: (818) 265-1021

S. Emi Minne (SBN 253179)
emi@parkerminne.com
Jill J. Parker (SBN 274230)
jill@parkerminne.com
PARKER & MINNE, LLP
700 South Flower Street, Suite 1000
Los Angeles, California 90017
Telephone: (310) 882-6833 / Fax: (310) 889-0822

Attorneys for Plaintiff
MATTHEW HURTADO

Additional Counsel Listed on Next Page

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

MATTHEW HURTADO, individually, and on behalf of other aggrieved employees pursuant to the California Private Attorneys General Act;

Plaintiff,

vs.

CLASSIC INDUSTRIES CORPORATION, a California corporation; ORIGINAL EQUIPMENT REPRODUCTION, INC., a California corporation; GENERAL MARKETING CAPITAL, INC., a California corporation; JML ENTERPRISES, LLC, a California limited liability company; and DOES 1 through 100, inclusive,

Defendants.

Case No.: 30-2024-01384527-CU-OE-CXC

Assigned for all purposes to the Honorable Randall J. Sherman, Dept. CX105

JOINT STIPULATION OF PAGA SETTLEMENT

Complaint Filed: March 8, 2024
Trial Date: Not set

Jason A. Weiss (SBN 185268)
jweiss@sheppardmullin.com
Eric T. Angel (SBN 293157)
eangel@sheppardmullin.com
SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
650 Town Center Drive, 10th Floor
Costa Mesa, California 92626-1993
Tel. 714-513-5100 / Fax 714-513-5130

Attorneys for Defendants
Classic Industries Corporation, Original Equipment Reproduction, Inc.,
General Marketing Capital, Inc., and JML Enterprises, LLC

This Joint Stipulation of PAGA Settlement ("Agreement" or "Settlement") is made and entered into between Plaintiff Matthew Hurtado ("Plaintiff"), on his own behalf, on behalf of the State of California, and on behalf of other Aggrieved Employees as defined below, and Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC ("Defendants").

DEFINITIONS

1. "Action" refers to the court Action entitled *Matthew Hurtado v. Classic Industries Corporation,* Orange County Superior Court Case No. 30-2024-01384527-CU-OE-CXC.

2. "Aggrieved Employee List" means a complete list of all Aggrieved Employees, formatted as a readable Microsoft Excel spreadsheet, that Defendants will diligently and in good faith compile from their records, which shall include the following information for all Aggrieved Employees: (i) full name; (ii) last known home address; (iii) last known telephone number; (iv) social security number; (v) start and end dates of active employment as a non-exempt employee of Defendants within the State of California; (vi) total Eligible Pay Periods during the PAGA Period; and (vii) any other information reasonably required by the Settlement Administrator to effectuate the terms of the Settlement.

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

4. "Aggrieved Employees' Fund" means twenty-five percent (25%) of the Net Settlement Amount, which shall be distributed to Aggrieved Employees.

5. "Agreement" means this Joint Stipulation of PAGA Settlement.

6. "Attorneys' Fees and Costs" means attorneys' fees for Plaintiff's Counsel's litigation and resolution of this Action and their expenses and costs incurred in connection with the Action, which shall be paid from the Gross Settlement Amount.

7. "Complaint" means the Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698 et seq. that was filed in this Action on March 8, 2024, in Orange County Superior Court, Case No. 30-2024-01384527-CU-OE-CXC.

8. "Court" means the Superior Court for the County of Orange.

9. "Defendants' Counsel" means Jason A. Weiss and Eric T. Angel of Sheppard, Mullin, Richter & Hampton, LLP.

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

11. "Eligible Pay Periods" means the total number of pay periods that each Aggrieved Employee worked for Defendants during the PAGA Period.

12. "Gross Settlement Amount" means the settlement amount of Three Hundred Thousand Dollars and Zero Cents ($300,000.00) to be paid by Defendants in full satisfaction of all Released Claims, which includes Individual PAGA Payments to be paid to Aggrieved Employees, LWDA Payment to the LWDA, Attorneys' Fees and Costs to Plaintiff's Counsel, and Settlement Administration Costs.

13. "Individual PAGA Payment" means the portion of the Net Settlement Amount to be allocated and paid to each Aggrieved Employee as provided in this Agreement. Each Individual PAGA Payment shall be calculated by multiplying the Aggrieved Employee's number of total Eligible Pay Periods by the Pay Period Value.

14. "LWDA" means the California Labor and Workforce Development Agency.

15. "LWDA Payment" means seventy-five percent (75%) of the Net Settlement Amount, which shall be paid to the LWDA.

16. "Net Settlement Amount" means the sum remaining after the Court-approved deductions from the Gross Settlement Amount for: (1) Attorneys' Fees and Costs to Plaintiff's Counsel, and (2) Settlement Administration Costs.

17. "PAGA" means the Labor Code Private Attorneys General Act of 2004, California Labor Code sections 2698, et seq.

18. "PAGA Notice" means the January 2, 2024 written notice submitted by Plaintiff's Counsel on behalf of Plaintiff and the Aggrieved Employees to the LWDA, with a copy sent to

Defendants via U.S. Certified Mail, pursuant to California Labor Code section 2699.3, in which Plaintiff provided notice of the specific provisions of the California Labor Code alleged to have been violated by Defendants, including the facts and theories to support the alleged violations.

19. "PAGA Period" means the period commencing on January 2, 2023 and ending on the date the Court grants approval of the Settlement.

20. "Parties" means the parties to the Agreement, specifically, Plaintiff and Defendants.

21. "Pay Periods" means the total number of pay periods during the PAGA period in which an Aggrieved Employee was employed by, and actively worked for, Defendants in an hourly-paid, non-exempt position in the State of California. The Settlement Administrator will calculate the total number of Pay Periods worked by all Aggrieved Employees during the PAGA Period, the Pay Period Value, and the Individual PAGA Payments payable to each Aggrieved Employee based upon information provided in the Aggrieved Employee List.

22. "Pay Period Value" means the amount of the Aggrieved Employees' Fund divided by the total number of Pay Periods. The Pay Period Value shall be calculated by the Settlement Administrator.

23. "Plaintiff's Counsel" means Parker & Minne, LLP and Lawyers *for* Justice, PC.

24. "Released Claims" means any and all claims under PAGA arising during the PAGA Period for the recovery of civil penalties, attorneys' fees, and costs, which Plaintiff, the LWDA, and/or the Aggrieved Employees had, or may claim to have, against Released Parties, arising out of the violations alleged in the Complaint and the PAGA Notice, including claims under PAGA that are based on alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 1-2001 and 4-2001.

25. "Released Parties" means Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC, as named by Plaintiff in the Complaint, and their past, present, future, direct, and/or indirect officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors,

successors, assigns, and joint venturers.

26. "Settlement" means the agreement to settle the claims as set forth and embodied in this Agreement.

27. "Settlement Administration Costs" means the reasonable fees and costs payable from the Gross Settlement Amount to the Settlement Administrator for performing the settlement administration functions expressly required by this Agreement to administer the Settlement.

28. "Settlement Administrator" means Phoenix Settlement Administrators. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

29. "Settlement Approval Order and Judgment" means an order from the Court granting approval of the Settlement and entering judgment thereon.

30. "Settlement Cover Letter" means the cover letter to be mailed by the Settlement Administrator to each Aggrieved Employee along with Individual PAGA Payment checks, substantially in the form that attached hereto as **Exhibit A**.

RECITALS

31. On January 2, 2024, Plaintiff submitted the PAGA Notice to the LWDA and to Defendants. The PAGA Notice alleged that Defendants violated California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare Commission Wage Orders 1-2001 and 4-2001. The PAGA Notice alleged, *inter alia*, that Defendants failed to pay minimum and overtime wages, failed to provide meal and rest periods, failed to timely pay wages during employment, failed to timely pay wages upon termination, failed to keep accurate payroll records, failed to furnish accurate itemized wage statements, and failed to reimburse necessary business expenses.

32. On March 8, 2024, Plaintiff filed a representative action complaint against Defendants in the Superior Court for the County of Orange. The complaint alleged one cause of action pursuant to PAGA predicated on: (1) Violation of California Labor Code sections 510 and 1198 (Unpaid Overtime Wages); (2) Violation of California Labor Code sections 226.7 and 512(a) (Failure to Provide Meal Periods); (3) Violation of California Labor Code section 226.7 (Failure to Provide Rest

Periods); (4) Violation of California Labor Code sections 1194, 1197, and 1197.1 (Unpaid Minimum Wages); (5) Violation of California Labor Code sections 201 and 202; (Failure to Timely Pay Wages Upon Termination); (6) Violation of California Labor Code section 204 (Failure to Timely Pay Wages During Employment); (7) Violation of California Labor Code section 226(a) (Failure to Provide Complete and Accurate Wage Statements); (8) Violation of California Labor Code section 1174(d) (Failure to Keep Complete and Accurate Payroll Records); and (9) Violation of California Labor Code sections 2800 and 2802 (Unreimbursed Business Expenses).

33. Defendants deny the allegations in the complaint in the Action and PAGA Notice, deny any failure to comply with the laws identified in the Action and PAGA Notice, and deny any and all liability for any of the causes of action pled and facts asserted in the Action and PAGA Notice.

34. Following the filing of the Action, the Parties met and conferred with respect to potential resolution of the Action, and agreed to engage in private mediation. Prior to mediation, Plaintiff's Counsel diligently investigated the claims against Defendants, including any and all applicable defenses and the applicable law. This investigation included, *inter alia,* the exchange of informal discovery, review of numerous corporate policies and practices, and analysis of a 25% sampling of the time and payroll records for the Aggrieved Employees.

35. On September 12, 2024, the Parties participated in a private mediation with Phyllis Cheng, Esq., a respected mediator with extensive experience in complex wage and hour litigation. Ms. Cheng's supervision of the mediation and negotiations was critical in managing the expectations of the Parties, and in providing a useful and neutral analysis of the case to both Parties. The Parties engaged in a full day of negotiations during the mediation, but were unable to reach an agreement to resolve the Action at the mediation. Following mediation, Ms. Cheng continued to facilitate ongoing negotiations between the Parties, which ultimately resulted in the acceptance of a mediator's proposal on September 17, 2024. On or about October 21, 2024, the Parties executed a Memorandum of Understanding, the material terms of which are now fully memorialized in this Agreement.

36. The settlement discussions during and after mediation were conducted at arms-length, and this Agreement is the result of an informed and detailed analysis of Defendants' potential liability in relation to the costs and risks associated with continued litigation.

37. Based on Plaintiff's Counsel's investigation, Plaintiff's Counsel believes that the Settlement for the consideration and on the terms set forth in this Agreement is fair, reasonable, and adequate and is in the best interest of Plaintiff, the Aggrieved Employees, and the State of California in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation and various defenses asserted by Defendants.

38. This Agreement is made and entered into by and between Plaintiff, individually and on behalf of the State of California and Aggrieved Employees, Defendants, and is subject to the terms and conditions hereof, and to the Court's approval. The Parties expressly acknowledge that this Agreement is entered solely for the purpose of compromising significantly disputed claims and that nothing herein is an admission of liability or wrongdoing by Defendants. However, in order to avoid additional cost and the uncertainty of litigation, the Parties desire to resolve the Action.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

39. Gross Settlement Amount. Defendants shall pay the Gross Settlement Amount of Three Hundred Thousand Dollars and Zero Cents ($300,000.00) to resolve the Action and Released Claims. No portion of the Gross Settlement Amount shall revert to Defendant. Subject to approval by the Court, the Gross Settlement Amount shall be allocated as follows:

a. Attorneys' fees of up to 35 percent (35%) of the Gross Settlement Amount, i.e., One Hundred Five Thousand Dollars and Zero Cents ($105,000.00), and reimbursement of litigation costs and expenses not to exceed Twenty Dollars and Zero Cents ($20,000.00) to Plaintiff's Counsel, which Defendants will not contest.

b. Settlement Administration Costs up to the amount of Three Thousand Dollars and Zero Cents ($3,000.00) to the Settlement Administrator.

c. LWDA Payment consisting of seventy-five percent (75%) of the Net Settlement Amount shall be distributed to the LWDA.

d. Aggrieved Employees' Fund consisting of twenty-five percent (25%) of the Net Settlement Amount shall be distributed to the Aggrieved Employees, in accordance with the formula set forth in paragraph 46, below.

40. Escalator Clause. The Gross Settlement Amount is based on Defendants' representation that Aggrieved Employees worked a total of 7,623 pay periods during the period from January 2, 2023 to September 12, 2024 ("Certified Pay Period Count"). If it is determined by the Settlement Administrator that the final number of Pay Periods during the PAGA Period exceeds 7,623 by more than 10% (i.e., a final count of more than 8,385 Pay Periods), Defendants shall elect to either: (i) increase the Gross Settlement Amount on a pro-rata basis equal to the percentage increase in the number of Pay Periods worked by the Aggrieved Employees above the 10% threshold (e.g., if the number of Pay Periods increases by 11% to 8,462 Pay Periods, the Gross Settlement Amount will increase by 1%), or (ii) end the PAGA Period on the date the total Pay Periods exceed the 8,385 Pay Period limit.

41. Tax Allocation. 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 and the Net Settlement Amount to be paid to the LWDA and Aggrieved Employees as described in Paragraph 39 will be treated and reported for tax purposes as non-wage payments and will not be subject to local, state or federal payroll tax withholdings. The Settlement Administrator will be responsible for issuing IRS Forms 1099 as required.

42. No Credit Toward Benefit Plans: The Individual PAGA Payments made to Aggrieved Employees under this Settlement, as well as any other payments made pursuant to this Agreement, will not be utilized to calculate any additional benefits under any benefit plans to which any Aggrieved Employees may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Agreement will not affect any rights, contributions, or amounts to which any Aggrieved Employees may be entitled under any benefit plans.

43. Motion or Application for Approval of the Settlement. Promptly upon execution of this Agreement, Plaintiff shall file a motion or application requesting entry of an on order as follows:

a. Granting approval of the Settlement and entering judgment thereon;

b. Approving, as to form and content, the proposed Settlement Cover Letter attached hereto as **Exhibit A**;

c. Approving Plaintiff's Counsel's application for an award of attorney's fees and costs;

d. Directing the funding and disbursement of the Gross Settlement Amount in accordance with the terms of this Agreement; and

e. Setting a final compliance hearing date when the parties shall report to the Court that the Gross Settlement Amount has been funded and disbursed in accordance with the terms of this Agreement.

Defendants agree that they will not oppose Plaintiff's motion or application for approval of the Settlement or delay the hearing thereon, and that they will coordinate and will cooperate with Plaintiff in obtaining an order from the Court approving this Agreement, as described herein. 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 Agreement, and the payments described in Paragraph 39.

44. Settlement Administration Process. The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in administration of the Settlement. The Settlement Administrator will provide the following services:

a. Establish and maintain a Qualified Settlement Fund ("QSF").

b. Calculate the Individual PAGA Payment each Aggrieved Employee is eligible to receive.

c. Print and mail the Settlement Cover Letter in both Spanish and English.

d. Print and issue and issue Settlement payment checks.

e. Conduct additional address searches for mailed Settlement Cover Letter and Settlement payment checks that are returned as undeliverable.

f. Field inquiries from Aggrieved Employees.

g. Prepare IRS 1099 Tax Forms and any other filings required by any governmental taxing authority.

h. Provide declarations and/or other information to this Court as requested by the Parties and/or the Court.

i. Provide a final accounting declaration confirming completion of the funding and distribution of the Gross Settlement Amount in accordance with the terms of this Agreement.

45. Funding of the Gross Settlement Amount. Within sixty (60) calendar days (the "Settlement Funding Due Date") of the Effective Date, Defendants shall deposit the Gross Settlement Amount into the QSF established by the Settlement Administrator. If the Settlement Funding Due Date 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. The Settlement Administrator shall provide Defendants' Counsel and Plaintiff's Counsel with a report detailing all payments to be made under the Settlement prior to disbursement of the Gross Settlement Amount.

46. Calculation of Individual PAGA Payments. Each Aggrieved Employee will be entitled to a *pro rata* share of the Aggrieved Employees' Fund based upon the number of Eligible Pay Periods that they worked. The Eligible Pay Periods are the number of pay periods that each Aggrieved Employee worked during the PAGA Period, as established by Defendants' payroll records. Each Aggrieved Employee will be credited with at least one (1) Eligible Pay Period.

a. To calculate each Aggrieved Employee's Individual PAGA Payment, the Settlement Administrator shall divide the number of Eligible Pay Periods an Aggrieved Employee is credited by the total aggregate number of Pay Periods credited to all Aggrieved Employees, and then multiply this amount by the Aggrieved Employees' Fund to arrive at each Aggrieved Employee's Individual PAGA Payment.

b. Aggrieved Employees will not be required to submit any claim form or other documentation to receive their Individual PAGA Payment.

c. One hundred percent (100%) of all Individual PAGA Payments are to be considered penalties.

d. Aggrieved Employees may not opt out of the Settlement.

47. Delivery of the Aggrieved Employee List. No later than thirty (30) calendar days of the Effective Date, Defendants will provide the Aggrieved Employee List to the Settlement Administrator. Prior to mailing the Individual PAGA Payments and Settlement Cover Letters, the Settlement Administrator shall provide Plaintiff's Counsel with an anonymized version of the Aggrieved Employee List that shall only disclose an identification number attributed to each Aggrieved Employee and their respective Pay Periods during the PAGA Period. Prior to mailing Settlement Cover Letters and Individual PAGA Letters, the Settlement Administration shall conduct one (1) National Change of Address ("NCOA") search for all individuals identified on the Aggrieved Employee List to update and correct any known or identifiable address changes.

48. Distribution of Individual PAGA Payments. No later than fourteen (14) calendar days after the Settlement Administrator's receipt of the Gross Settlement Amount, the Settlement Administrator shall mail the Settlement Cover Letters and Individual PAGA Payment checks (together, the "PAGA Settlement Package") to all Aggrieved Employees by first-class United States mail.

a. For each PAGA Settlement Package that is returned as undeliverable, the Settlement Administrator shall promptly attempt to locate an alternate updated address for the Aggrieved Employee by performing a skip trace within three (3) business days of receipt of the returned mail; the Settlement Administrator shall then attempt one (1) re-mailing of the PAGA Settlement Package. Further, any PAGA Settlement Package returned with a forwarding address to the Settlement Administrator shall be re-mailed to the forwarding address affixed thereto within three (3) business days.

b. The Individual PAGA Payment checks issued to Aggrieved Employees shall remain valid for one hundred eighty (180) calendar days, and, thereafter, shall be cancelled. If any Aggrieved Employee does not cash his or her Individual PAGA Payment check within 180 calendar days, the uncashed funds shall be sent to the Controller for the State of California to be held pursuant to California's Unclaimed Property Law, California Civil Code §1500, *et. seq*. for the benefit of those Aggrieved Employees who did not cash their checks until such time that they claim their property.

49. Distribution of Attorneys' Fees and Costs, Settlement Administration Costs, and LWDA Payment. No later than fourteen (14) calendar days after the Settlement Administrator receives the Gross Settlement Amount, the Settlement Administrator shall distribute payments for Attorneys' Fees and Costs to Plaintiff's Counsel, Settlement Administration Costs to the Settlement Administrator, and the LWDA Payment to the LWDA.

50. Final Distribution Report and Declaration by Settlement Administrator: Within 10 calendar days after the Settlement Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Plaintiff's Counsel and Defendants' Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 14 calendar days before any deadline set by the Court, the Settlement Administrator will prepare, and submit to Plaintiff's Counsel and Defendants' Counsel, a signed compliance declaration under oath suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Plaintiff's Counsel is responsible for filing the Settlement Administrator's compliance declaration with the Court.

51. Release of PAGA Claims. Upon the Effective Date and complete funding of the Gross Settlement Amount by Defendants, and except as to the rights and obligations created by this Agreement, Plaintiff and Aggrieved Employees, and the LWDA will be deemed to have knowingly and voluntarily released and forever discharged the Released Parties from any and all claims for the recovery of civil penalties, attorneys' fees, and costs arising under PAGA that were alleged, or reasonably could have been alleged, based on the factual allegations and claims asserted in the Complaint and the PAGA Notice, including claims under PAGA that are based on alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and Industrial Welfare Commission Wage Orders, including *inter alia*, IWC Wage Orders 1-2001 and 4-2001. The Release of PAGA Claims is limited to claims arising during the PAGA Period.

This foregoing release expressly excludes Plaintiff's individual claims against Released Parties that do not arise under PAGA, including but not limited to, Plaintiff's individual claims for unpaid minimum wages, unpaid overtime wages, meal period violations, rest period violations, failure to timely pay wages upon termination, failure to reimburse business expenses, wage statement violations, and claims for retaliation, harassment, discrimination, and wrongful termination, which are the subject of a separate general release agreement between the Parties.

52. No Prior Assignments. Plaintiff warrants and represents that Plaintiff has not assigned or transferred or purported to assign or transfer to any person or entity all or any part of or any interest in any claim released under this Agreement. Plaintiff is solely responsible for the satisfaction of any assignment or lien to any lien holder and will indemnify and hold the Released Parties harmless against any liens, damages, penalties, fines, fees, assessments, taxes or attorneys' fees that may be imposed against or incurred by any of the Released Parties as a result of the action of any lien holder or any lien claimant or any court in relation to any interest which any third party may have in any claim which Plaintiff is releasing under this Agreement or any interest in any of the proceeds paid to Plaintiff or Plaintiff's Counsel under this Agreement.

53. Neutral Employment Reference. Defendants agree that they will adopt a neutral reporting policy regarding any future employment references related to Plaintiff. In the event that any potential or future employers of Plaintiff request a reference regarding Defendants' employment of Plaintiff, Defendants shall only provide Plaintiff's dates of employment, job titles during employment, and final rate of pay. Defendants shall not refer to the Action or the Settlement.

54. Nullification of Agreement: The Parties and their counsel expressly acknowledge that the Court's approval of the Settlement is a condition precedent to any payments described in this Agreement, and pledge their good faith and fair dealing in supporting the approval of the Settlement by the Court. In the event that: (a) the Court does not grant approval of the Settlement as provided herein; (b) the Court strikes or does not approve any material term of this Agreement; or (c) the Settlement does not become final as written and agreed to by the Parties for any other reason, then this Agreement, and any documents generated to bring it into effect, will be null and void, all amounts deposited into the QSF will be returned to Defendants, and the Parties shall be returned to their original respective positions prior to the Settlement and shall proceed in all respects as if this Agreement had not been executed. Any order or judgment entered by the Court in furtherance of this Agreement will likewise be treated as void from the beginning. Notwithstanding this provision, the Parties agree that

they shall make a good faith effort to resolve any issues raised by the Court prior to invoking their right to nullify the Settlement under this provision.

55. Exhibits Incorporated by Reference: The terms of this Agreement include the terms set forth in any attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Agreement are an integral part of the Agreement.

56. Entire Agreement: This Agreement and any attached exhibits constitute the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

57. Amendment or Modification: This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest.

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

59. Binding on Successors and Assigns: This Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined

60. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California provided, however, that parole evidence shall not be admissible to alter, vary or supplement the term of this Agreement.

61. Execution and Counterparts: This Agreement is subject to the execution of all Parties. However, the Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original

signed counterparts.

62. Acknowledgement that the Settlement is Fair and Reasonable: The Parties believe this Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

63. Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

64. Non-Admission of Liability: The Parties enter into this Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense and risk of continued litigation. In entering into this Agreement, Defendants do not admit, and specifically deny, that they have violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to their employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendants of any such violations or failure to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendants or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law.

65. Captions: The captions and section numbers in this Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Agreement.

66. Waiver: No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a

further waiver by such party of the same or any other condition, covenant, right or remedy.

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

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

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

70. All Terms Subject to Final Court Approval: All amounts and procedures described in this Agreement herein will be subject to final Court approval.

71. Cooperation and Execution of Necessary Documents: The Parties agree to cooperate to promote participation in the Agreement, and in seeking court approval of the Agreement, including working cooperatively to address any questions raised by the Court and making any amendments to the Agreement required by the Court. The Parties will work in good faith to reach an agreement approved by the Court. Defendants further agree that they will provide Plaintiff's Counsel with any declarations or other evidence required by the Court in order to approval of the Agreement.

72. Confidentiality: The Parties and their counsel agree to keep the terms of the Agreement confidential until the filing of Plaintiff's motion or application for approval of the Settlement. Plaintiff, Plaintiff's Counsel, Defendants, and Defendants' Counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry or have any communication with the press about the fact, amount or terms of the Agreement. Nothing in this Agreement shall limit Defendants' ability to fulfill disclosure obligations reasonably required by law or in furtherance of

business purposes, including the fulfillment of obligations stated in this Agreement or limit Plaintiff's Counsel's communications with the Aggrieved Employees in furtherance of approval of this Settlement. Furthermore, nothing in this provision shall be construed as preventing Plaintiff's Counsel from referring to the Settlement or the Action in support of their adequacy as counsel for a putative class action or to justify an award of attorneys' fees in other proceedings.

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

74. Stay of Proceedings Pending Approval of Settlement: The Parties stipulate and agree that all proceedings and deadlines in the Action, other than proceedings necessary to carry out and/or enforce the terms of the Settlement and to obtain approval of the Agreement, shall be stayed pending completion of the approval of the Settlement. The stay on the Action shall include, without limitation, a stay on the five-year limitations period to bring the Action to trial under Code of Civil Procedure section 583.310, as well as any and all discovery and motion deadlines

HAVING ELECTED TO EXECUTE THIS AGREEMENT, TO FULFILL THE PROMISES AND TO RECEIVE THE CONSIDERATION SET FORTH ABOVE, PLAINTIFF AND DEFENDANTS, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTER INTO THIS AGREEMENT AS OF THE DATE(S) SET FORTH BELOW:

Dated: 01/09/2025

By: Matthew Hurtado (Jan 9, 2025 10:47 PST)

Plaintiff Matthew Hurtado
Individually and on Behalf of the State of California and Aggrieved Employees

Dated: 2/3/2025 By: ______________________

Defendant Classic Industries Corporation
Name: Jeff M Leonard
Title: CEO

Dated: 2/3/2025 By: ______________________

Defendant Original Equipment Reproduction, Inc.
Name: Jeff M Leonard
Title: CEO

Dated: 2/3/2025 By: ______________________

Defendant General Marketing Capital, Inc.
Name: Jeff M Leonard
Title: CEO

Dated: 2/3/2025 By: ______________________

Defendant JML Enterprises, LLC
Name: Jeff M Leonard
Title: CEO

APPROVED AS TO FORM AND CONTENT:

PARKER & MINNE, LLP

Dated: 01/09/2025 By: ______________________

S. Emi Minne
Attorneys for Plaintiff Matthew Hurtado

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Dated: 2/3/2025 By: ______________________

Jason A. Weiss
Eric T. Angel
Attorneys for Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC

EXHIBIT A

NOTICE OF REPRESENTATIVE ACTION SETTLEMENT

If you are or were an hourly-paid, non-exempt employee of Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC at any time between January 2, 2023 to [PAGA Period End Date], you are entitled to receive money from a Settlement brought under the Labor Code Private Attorneys General Act of 2004 ("PAGA").

A court approved this notice. This is not a solicitation from a lawyer. You are not being sued.

1. Why Am I Getting This Notice?

A settlement (the "Settlement") has been reached in a representative action lawsuit entitled *Matthew Hurtado v. Defendants Classic Industries Corporation, et al.,* Orange County Superior Court Case No. 30-2024-01384527-CU-OE-CXC (the "Action"). The Defendants in the Action are Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC ("Defendants"). The Action was brought by Plaintiff Matthew Hurtado ("Plaintiff"), a former employee of Defendants, on behalf of the State of California and all alleged "Aggrieved Employees," defined as all current and former hourly-paid, non-exempt employees who were employed by Defendants in the State of California at any time between January 2, 2023 to [PAGA Period End Date] (the "PAGA Period").

The Court has granted approval of the settlement amount to be paid by Defendants for settlement of the Action for civil penalties under PAGA. Defendants' employment records indicate that you meet the definition of an Aggrieved Employee. The Court directed that this Notice be sent to all Aggrieved Employees to inform you about the case and your rights.

This Notice explains the Action, the Settlement, your legal rights, and what benefits are available.

2. What is This Lawsuit About?

On January 2, 2024, Plaintiff provided written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendants of the specific provisions of the California Labor Code that he contends were violated (the "PAGA Notice"). On March 8, 2024, Plaintiff filed a Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, et seq (the "Complaint"). Plaintiff filed the Action as a Private Attorney General on behalf of the State of California and sought penalties on behalf of himself, the State, and all current and former hourly-paid, non-exempt employees of Defendants within the PAGA Period. Plaintiff alleges that Defendants owed penalties under California's Private Attorneys General Act of 2004, California Labor Code §§ 2698, et seq. ("PAGA"). In agreeing to this settlement, Defendants does not admit to any wrongdoing or that it is liable in any way for any civil penalties under PAGA.

3. Why is There a Settlement?

The Court did not decide in favor of Plaintiff or Defendants. Instead, both sides agreed to a Settlement. This allows the Parties to avoid the risk and uncertainty of trial and any subsequent appeal, and all affected employees will receive compensation. Plaintiff and Plaintiff's attorneys believe the Settlement is fair, reasonable and adequate, and in the best interests of all Aggrieved Employees.

4. What Are the Terms of the Settlement?

Defendants will pay Three Hundred Thousand Dollars and Zero Cents ($300,000.00) to settle the Action (the "Gross Settlement Amount"). The Gross Settlement Amount includes: (a) all Individual PAGA Payments to be paid to Aggrieved Employees ("Aggrieved Employees' Fund"); (b) Plaintiff's Counsel's attorneys' fees and costs; and (c) the reasonable fees and costs of the Settlement Administrator.

After deductions are made from the Gross Settlement Amount for Plaintiff's Counsel's attorneys' fees and costs, and the reasonable fees and costs of the Settlement Administrator, the remaining money (the "Net Settlement Amount") will be split between the LWDA and the Aggrieved Employees. The law requires that 75% of the Net Settlement Amount be paid to the LWDA. The remaining 25% of the Net Settlement Amount will be paid out to the Aggrieved Employees. No portion of the Gross Settlement Amount will be returned to Defendants.

5. How Much Am I Receiving?

Each Aggrieved Employee will receive a *pro rata* share of the PAGA Payment based on the number of pay periods the Aggrieved Employee worked for Defendants as an hourly-paid, non-exempt employee during the PAGA Period. Any pay period in which an Aggrieved Employee worked at least one day shall be counted as a pay period.

To calculate each Aggrieved Employee's Individual PAGA Payment, the Aggrieved Employees' Fund was divided by the total number of Eligible Pay Periods of all Aggrieved Employees, resulting in the "Pay Period Value." Each Aggrieved Employee's Individual PAGA Payment was then calculated by multiplying his or her individual Eligible Pay Periods by the Pay Period Value.

Your Eligible Pay Periods are: ___________

Your Individual PAGA Payment is: $__________

The Settlement checks will be valid for 180 days after they are issued. After 180 days, the Settlement checks will be void. Any Settlement checks remaining uncashed for more than 180 days after issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Section 1500, *et seq*. in the names of those Aggrieved Employees who did not cash their Settlement checks until such time as they claim their funds.

6. What Claims are Being Released by the Settlement?

A Judgment has been entered by the Court. Upon funding of the Gross Settlement Amount, all Aggrieved Employees will have released the Released Parties from the Released Claims for the PAGA Period, which is defined as the period of time between January 2, 2023 to [PAGA Period End Date].

The Released Parties include Defendants Classic Industries Corporation, Original Equipment Reproduction, Inc., General Marketing Capital, Inc., and JML Enterprises, LLC, and its past, present and/or future, direct and/or indirect, officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

The Released Claims include any and all claims for the recovery for civil penalties, attorneys' fees and costs permissible under PAGA that were alleged, or reasonably could have been alleged, based on the factual allegations and claims asserted in the Complaint and the January 2, 2023 Notice sent by Plaintiff to the LWDA, including failure to pay minimum wages, failure to pay overtime wages, failure to provide compliant meal periods and associated premiums, failure to provide compliant rest periods and associated premiums, failure to timely pay wages during employment, failure to timely pay wages upon termination, failure to keep maintain requisite payroll records, failure to furnish accurate itemized wage statements, and failure to indemnify or reimburse necessary business expenses, and for violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802. This release is limited to claims arising during the PAGA Period. Aggrieved Employees cannot opt out of or object to the foregoing PAGA Release.

If you have questions, you can call the Settlement Administrator at _____________ or you may contact Plaintiff's attorneys:

S. Emi Minne, Esq.
PARKER & MINNE, LLP
700 S. Flower Street, Suite 1000
Los Angeles, California 90017
Telephone: (310) 882-6833

Edwin Aiwazian, Esq.
Arby Aiwazian, Esq.
Joanna Ghosh, Esq.
Elizabeth Parker-Fawley, Esq.
LAWYERS *for* JUSTICE, PC
450 N. Brand Boulevard, Suite 900
Glendale, California 91203
Telephone: (818) 265-1020

PLEASE DO NOT TELEPHONE THE COURT ABOUT THIS SETTLEMENT
The Court will not be able to assist you.