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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

JUAN MANUEL VILLALOBOS,

Plaintiff,

vs.

R-BROS. PAINTING, INC.; R. BROTHERS WATERPROOFING, INC.; ROD RODRIGUEZ; and DOES 1 to 25, inclusive,

Defendants.

Case No.: 24CV438933

Assigned for all purposes to:
Hon. Beth McGowen

DECLARATION OF HAROUT MESSRELIAN IN SUPPORT OF UNOPPOSED MOTION FOR APPROVAL OF PAGA SETTLEMENT

Date: 7/30/2026
Time: 1:30pm
Dept: 22

<u>Submitted Herewith Under Separate Cover:</u>
1. Plaintiff's Notice of Unopposed Motion for Approval of PAGA Settlement; Memorandum of Points and Authorities in Support Thereof;
2. Declaration of Michael Moore
3. [Proposed] Order

DECLARATION OF HAROUT MESSRELIAN IN SUPPORT OF UNOPPOSED MOTION FOR APPROVAL OF PAGA SETTLEMENT AND RELEASE

I, HAROUT MESSRELIAN, declare and state as follows:

1. I am an attorney duly licensed to practice before all the Courts of the State of California. I am the managing attorney of Messrelian Law Inc. and the attorney of record for Plaintiff JUAN MANUEL VILLALOBOS ("Plaintiff") in his lawsuit against R-BROS. PAINTING, INC.; and ROD RODRIGUEZ (hereinafter collectively "R-BROS" or "Defendants").

2. I am experienced in handling employment law matters and specifically wage and hour representative and individual actions. My qualifications are as follows: I received my JD from Loyola Law School in 2010. I started my own law firm in 2011 – the Law Offices of Harout Messrelian. Since 2016, I have been the founder and principal attorney at Messrelian Law, Inc. Since 2011, I have filed and handled over 350 civil actions and/or claims involving representative actions under the Private Attorneys General Act ("PAGA") and/or wage and hour claims on behalf of my clients and have been appointed Class Counsel in three class action cases –*Zohrab Mekhitarian v. Triple Play Motors dba Bob Smith Toyota*, Los Angeles Superior Court Case No. 19STCV22411 (ADR Services, Inc., Case Number 20-2668-RWT), *Carina Camberos, on behalf of herself and others similarly situated, v. Great American Chicken Corp, Inc*., Los Angeles Superior Court Case No. 21STCV32015, and *Robert Garcia, on behalf of himself and others similarly situated v. HD Supply Management Inc*., San Bernardino Superior Court Case No. CIVSB2028067. I have a practice that encompasses cases in the Los Angeles Superior Courts, the Orange County Superior Courts, the Riverside County Superior Courts, the San Bernardino County Superior Courts, the Alameda County Superior Courts, Santa Clara County Superior Courts, San Mateo County Superior Courts, and the Monterey County Superior Courts.

3. Except as otherwise indicated, I have personal knowledge of all matters set forth herein and, if called as a witness, could and would competently testify thereto under oath.

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Factual and Procedural Background

4. Defendants are in the painting industry and own and operate a painting company. Plaintiff was classified as a non-exempt, hourly employee and worked for Defendants from approximately May 2023 through January 2024 as a painter.

5. Plaintiff complied with the procedures of Labor Code § 2699.3 for bringing suit under the Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698, et seq. ("PAGA"). On February 16, 2024, Plaintiff on behalf of himself and Defendants' California non-exempt employees (hereafter collectively the "Aggrieved Employees") gave written notice by electronic service to the California Labor and Workforce Development Agency ("LWDA") and via certified mail to Defendants of their claims against Defendants. In his notice to the LWDA, Plaintiff asserted on behalf of himself and the Aggrieved Employees that Defendants (1) failed to compensate for all hours worked and to pay minimum wages (Labor Code Sections 1194, 1197, 1197.1); (2) failed to accurately compensate employees regarding work on public works projects (Labor Code 1771/1774); (3) failed to pay overtime compensation (Labor Code Section 510); (4) failed to provide rest breaks (Labor Code Section 226.7); (5) failed to provide meal breaks (Labor Code Sections 512, 226.7); (6) failed to timely pay wages due during employment (Labor Code Section 204); (7) failed to provide accurate itemized wage statements (Labor Code Section 226); (8) failed to keep accurate and complete payroll records (Labor Code Section 1174/1174.5); (9) failed to pay wages at the end of employment (Labor Code section 203); (10) failed to reimbursement business expenses (Labor Code section 2800/2802); (11) failed to provide sick pay (Labor Code Section 233/246) and proper rest facilities (IWC Section 16-2001). Attached as **Exhibit 1** to this Declaration is a true and correct copy of Plaintiff's February 16, 2024 LWDA PAGA Notice. Plaintiff filed his initial lawsuit on May 14, 2024, in the Superior Court for the State of California, County of Santa Clara, Case No. 24CV438933, with multiple individual wage and hour causes of action and a cause of action for PAGA penalties based on the theories as outlined in the PAGA letter.

6. Through informal discovery, Defendants produced records and represented that it employed approximately 76 employees falling within Plaintiff's Aggrieved Employees

definition for the period from March 11, 2023 (one year and 65 days before Plaintiff's PAGA lawsuit) through June 19, 2025, and that there are paychecks issued for a total of approximately 3025 pay periods worked for that same time period.

7. The Settlement Agreement covers PAGA Members, which are Aggrieved Employees employed on or after March 11, 2023 through June 19, 2025.

8. Defendants deny any liability or wrongdoing of any kind whatsoever associated with the lawsuit and the Representative PAGA Claim. It is the desire of the Parties to fully, finally, and forever compromise, and discharge all claims known or unknown related to those alleged in Plaintiff's lawsuit.

9. The parties attended a full-day mediation with experienced mediator Laurie Saldana on May 15, 2025, and settled the matter. Before agreeing to the terms of the Settlement, the Parties engaged in informal discovery regarding Defendants' policies, practices, operations, time and payroll information and other topics. Prior to negotiation, Defendants produced Plaintiff's personnel file, time and payroll data for Plaintiff, and time records and payroll records for 15 aggrieved employees falling within Plaintiff's Aggrieved Employees definition and during the applicable PAGA period. Through extensive arm's length negotiations and only after discovery and investigation were performed, the Parties agreed to settlement terms. Attached as **Exhibit 2** is a true and accurate copy of "PAGA Settlement and Release Agreement" (hereinafter "Settlement Agreement") along with the notice that will be sent, with payment, to the PAGA Members covered by the Settlement Agreement. As alluded to above, the Parties negotiated the PAGA claims through arms-length negotiation during a private mediation, and only after sufficient discovery was completed, including data being sent to Plaintiff's data expert for analysis/review.

10. The Parties conducted investigation of the facts and law both before and after the lawsuit was filed. Counsel for the Parties have further investigated the applicable law as applied to the facts discovered regarding Plaintiff's claims, the defenses thereto, and the Labor Code violations claimed by Plaintiff. Based on their own independent investigations and evaluations, the Parties and their respective counsel are of the opinion that the Settlement for the

consideration and on the terms set forth in this Motion are fair, reasonable and adequate and are in the best interests of Plaintiff, the PAGA Members, and Defendants in light of all known facts and circumstances and the risks inherent in litigation, especially in this post-pandemic era when most California businesses are still struggling to remain afloat, much less prosper and make a large profit.

11. The Parties further recognize that the issues presented in the Action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to the maximum potential benefits, especially in light of the post- pandemic era and the business climate.

12. Plaintiff alleges that the strongest claims are that Plaintiff and other PAGA Members were not provided meal breaks under the law and that Defendants rounded work hours for a portion of the PAGA period.

13. Plaintiff contends that the civil penalty statutes applicable to the Action arise from violations of the California Labor Code, including, but not limited to, Labor Code §§ 226.7, 512, 558, and 2699(f)(2). Under these civil penalty statutes, an employee who suffers a Labor Code violation may be awarded a sum of money for each pay period in which he or she was underpaid. However, under Labor Code § 2699(e)(2), the Court can reduce an award of civil penalties if the award is unjust, arbitrary, oppressive, or confiscatory.

14. As it relates to Plaintiff's argument for meal break violations, Plaintiff's data analysis revealed a shift violation rate of <u>100%</u> for short, late, or no meal breaks for shifts that were 6 hours or greater due to Defendants not keeping accurate track of meal periods on paper. The data revealed that 95.3% of shifts in the sample were 6 hours or greater. As such, we are dealing with alleged violations covering 2883 pay periods [3025 total pay periods x 95.3%]. If you extrapolate the 100% shift violation rate, it amounts to <u>100%</u> of pay periods having at least one meal period violation. As such, the maximum exposure for meal period violations in the PAGA period, which Plaintiff understands Defendants dispute, would be $144,150, which is calculated as follows: 2883 pay periods x 100% equals 2883 affected pay periods; 2883 pay

periods x $50/pay period (civil penalty) amounts to $144,150 in exposure. Additionally, Defendants did have a meal break policy. Plaintiff attributes a 65% chance of success on this claim if it were to go to trial as there are risks in that Defendants argue that employees fill out their own timecards and are instructed to note on the timecards if meal periods are not taken. Moreover, there is no indication that Defendants prevented employees from taking meal breaks as employees were often on the field and would have the freedom and ability to manage their own meal breaks and ensure that they are taken timely and completely. A 65% chance of success on the meal break claims would result in a realistic maximum exposure of **$93,697.50** ($144,150 x 65%).

15. As it relates to Plaintiff's argument that Defendants engaged in rounding, Plaintiff's analysis found rounding in 100% of the shifts as works hours on the timesheets were generally rounded out and usually consisted of the same clock in and clock out times. 100% of the shifts equate to 100% of the pay periods, which in turn equates to 3025 pay periods. As such, the maximum exposure, without accounting for risks, for minimum wage violations in the PAGA period based on the rounding theory would be $302,500, which is calculated as follows: 3025 pay periods x $100/pay period (civil penalty). However, there are once again risks to the rounding argument. Defendants once again argue that employees were entrusted with filling out their own timesheets and the company took the employees at their word that the filled-out time was the correct and accurate start and end time. As such, Plaintiff attributes a 50% chance of success on this rounding/minimum wage claim. A 50% chance of success on the minimum wage/rounding claim would result in a realistic maximum exposure of **$151,250** ($302,500 x 50%).

16. As it relates to Plaintiff's other claims, there would be issues with proof. In terms of any potential regular rate issue as it relates to overtime or meal/rest period premiums based on bonuses or commissions, Defendants argued that they provided discretionary bonuses to aggrieved employees. As it relates to straight overtime issues, the data showed that overtime hours were paid correctly when employees did in fact work overtime. Regardless, per the data, the average hours worked per day was 7.9 hours, which is less than the 8-hour overtime

threshold for daily overtime. In addition, only 5.8% of the workdays were over 8.0 hours. As it relates to rest break violations, there was no evidence on paper of rest period violations since rest periods were not tracked by Defendants' timekeeping system – nor does the law require tracking – as is common for most businesses in California. There was also no evidence that Plaintiff and others worked on any public works projects. Consequently, prevailing wage issues would not be implicated.

17. As it relates to Plaintiff's claim of business expense reimbursement, Defendants argued that the tools and equipment, including the paint, used by Plaintiff and others were provided by Defendants in the form of toolboxes that had combination locks on them. Additionally, cellphone usage was not needed during work hours because there was a roaming foreman around the jobsite who would assist aggrieved employees if needed. Additionally, and in terms of uniform reimbursement arguments, any other articles of clothing that were worn by aggrieved employees were not of a specific or distinctive design or use and could be used outside of work as well. Further relating to Plaintiff's claim of business expense reimbursement regarding mileage reimbursement, Defendants contend that it was company police to reimburse all aggrieved employees for time and mileage when driving to multiple job sites on the same day. Moreover, Defendants claim that they would reimburse employees if they traveled more than 50 miles to a job site. Plaintiff's claim for failure to provide proper sick pay, worker's compensation coverage, and rest facilities would also likely fail based on a lack of evidence showing any violation. Plaintiff's other claims are derivative claims for violations of Labor Code sections 203, 204, and 226 for not being paid all wages owed every pay period or at the end of employment as well as not receiving accurate, itemized wage statements. The latter would not be triggered since meal period violations do not trigger these derivative claims.

18. Based on the above calculations, Plaintiff's aggregate exposure for the strongest disputed claims, which again Plaintiff understands Defendants dispute, would be **$244,947.50**. Assuming that Plaintiff's calculations and analysis are accurate, the maximum exposure presumes that the Court will not reduce the penalty award as unjust, arbitrary, oppressive, or confiscatory. Based on the above analysis, a gross settlement in the amount of $65,000 is a very

strong result, especially in light of the risk factors as discussed above.

19. Moreover, Plaintiff is aware of no California state courts awarding Plaintiff multiple PAGA penalties for the same violation for the same pay period under different Labor Code provisions. As such, one of the risks Plaintiff faces is that the Court would refuse to "stack" civil penalties arising under the various Labor Code statutes. Furthermore, judges have awarded extremely small sums to PAGA claimants in the past. Defendants also adamantly dispute all of Plaintiff's allegations in the operative Complaint.

20. PAGA states a court has discretion to award a lesser amount than the maximum penalty. *See* Lab. Code § 2699(e)(2) ("...a court may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory."); *see also Thurman v. Bayshore Transit Management, Inc.* (2012) 203 Cal.App.4th 1112, 1135 (reducing PAGA award). There is a substantial risk that the Court could reduce civil penalties to an insignificant amount if it is unpersuaded by Plaintiff's evidence of willful and intentional conduct. *Carrington v. Starbucks* (2018) 30 Cal.App.5th 504 ("*Carrington*") illustrates this. In that case, the Court of Appeal affirmed a trial court's heavily discounted award of only $5 per violation because it was within the Court's discretion to significantly reduce PAGA penalties even when there is a finding that a violation of the California Labor Code occurred. The plaintiff in *Carrington* had requested penalties in excess of $70 million and was successful in proving the PAGA claim during a bench trial. However, the trial court reduced the total award after trial to only $150,000 (30,000 violations x $5) and stated that this reduction was warranted because imposing the maximum penalty would be "unjust, arbitrary, and oppressive", based on Starbucks's "good faith attempts" to comply with meal break obligations and because the Court found the violations were minimal. Applying the same formula here and assuming there was one violation during each pay period, the award of civil penalties could not exceed $15,125 in PAGA penalties (3025 violations x $5). As such, this Settlement is a great result based solely on the risk the Court chooses to apply the *Carrington* formula. Defendants have also posed defenses to the Labor Code claims underlying Plaintiff's allegations

as discussed in the risk factors above. Thus, the chance of Plaintiff recovering a higher amount than the Gross Settlement Amount is uncertain.

21. The Parties further recognize that the issues presented in the Action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to the maximum potential benefits to the PAGA Members and Plaintiff from continued litigation.

22. The settlement of the Action involves monetary relief to all PAGA Members, Plaintiff, his attorneys, and the State of California.

23. Furthermore, Plaintiff recognizes that continued litigation presents significant risks that support a significant downward departure from Plaintiff's estimated civil penalties amount. In view of the risks, the Settlement represents a fair, adequate, and reasonable compromise amount for these claims and is in the best interest of Plaintiff and PAGA Members and thus, warrants approval. *See Laguna v. Coverall N. Am., Inc.*, Case No. 12-55479 (9th Cir. June 3, 2014) 2014 WL 2465049, * 3. The PAGA settlement and its terms are fair, just, reasonable, adequate, and equitable to Defendants, Plaintiff, and the State, especially in light of the current economic climate, and are the product of good faith, and informed arms-length negotiations between the Parties consistent with public policy and fully comply with applicable provisions of law.

24. As such, the settlement of PAGA penalties in the gross sum of $65,000, of which 75% of the net amount after attorney's fees [$21,666.66], attorney costs [$8,004.80], and settlement administrator fees [$3,500.00], which is $23,871.41 will be paid to the LWDA, and 25%, which equates to $7,957.13, will be distributed to the PAGA Members, is reasonable and appropriate under the circumstances. With a total of 76 Aggrieved Employees, the average estimated individual PAGA payment for each Aggrieved Employee is approximately $104.70 (25% of the estimated Net Settlement equating to $7,957.13 as noted above) / 76 Aggrieved Employees). This is a great result given the uncertainties of litigation.

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Plaintiff's Individual Settlement

25. Plaintiff did have individual claims for labor code violations as alleged in the operative complaint, that were also settled by the parties. The parties agreed that the consideration Plaintiff received pursuant to an individual settlement agreement was to settle his individual claims. As part of this confidential agreement, Plaintiff also provided Defendants with a general release of all claims, whether known or unknown, including unknown claims covered by Civil Code Section 1542. Plaintiff has no conflict of interest with the absent Aggrieved Employees and is adequate to represent the Aggrieved Employees.

Attorneys' Fees and Costs

26. I represent Plaintiff on a straight contingency basis. My firm's request for $21,666.66 [33.3%] in attorney fees and $8,004.80 in litigation costs is fair and reasonable. To date, I have investigated and prosecuted this matter vigorously, including drafting the initial PAGA notice as well as the original complaint; drafting informal discovery questions, reviewing Defendants' informal data and document production, including their handbook and other written policies; sending and receiving emails on the case with defense counsel; sending the PAGA data to Plaintiff's expert for review/analysis and reviewing the expert's findings/conclusions; preparing for mediation and engaging in a private mediation; and drafting this PAGA approval motion. I also expect to perform additional work on this case if the Court grants final approval of the Settlement, including supervision of the Settlement Administrator's disbursement of the settlement funds to the Aggrieved Employees. "Empirical studies show that, regardless of whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery. *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 47 fn. 11 (quoting *Shaw v. Toshiba America Information Systems, Inc.*_(E.D. Tex. 2000) 91 F.Supp.2d 942, 972; *See also Lafitte v. Robert Half Int'l Inc.* (Cal. Aug. 11, 2016) 1 Cal.5th 480, 503, 376 P.3d 672, 686 (holding that courts can use the percentage method for the calculation of attorneys' fees). This is also consistent with my experience in cases involving PAGA claims. This award is justified here because I achieved a strong result for the PAGA Members and the State while bearing the substantial burdens of contingency representation.

27. Should the Court elect to use Plaintiff's Counsel's lodestar as the method for awarding fees, notwithstanding courts' clear preference for the percentage method, my request for attorney's fees of $21,666.66 (1/3 of the Gross Settlement Amount of $65,000) is fair and reasonable based on my firm's lodestar as cross-checked against the percentage of the recovery. To date, I have investigated and prosecuted this matter for 26.3 hours. My average hourly rate is $750.00/hour (15th year attorney). My total lodestar amount through February 23, 2026 is $19,725.00 which results in a multiplier of 1.1 when compared against the $21,666.66 request for attorneys' fees. [1] Moreover, I will have waited over two and a half years to be awarded attorneys' fees for work performed since January 2024, when Plaintiff first contacted my office, compared to Defendants' counsel who have been paid as they performed work during this case.

ATTORNEY/MAJOR TASKS	HOURS	FEES
HAROUT MESSRELIAN		
Pre-Litigation Investigation and Evaluation of Claims & Case Setup	2.4	$1,800.00
Complaints, Pleadings, LWDA, and Miscellaneous Filings (including review)	2.7	$2,025.00
Case Management (including communications with defense, legal assistants, court clerk, attorney service)	3.9	$2,925.00
Client Communications	2.8	$2,100.00

[1] The multiplier of 1.1 is supported by California case law. Under California law, lodestar multipliers can range from 2 to 4 or even higher. *See Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 49; *Wershba v. Apple Computer, Inc.*, 91 Cal.App.4th at p. 255; *Natural Gas Anti-Trust Cases I, II, III & IV* (Cal. Sup. Ct. 2006) 2006 WL 5377849, *4 ("This Court and numerous cases have applied multipliers of between 4 and 12 to counsel's lodestar in awarding fees."); *In re California Indirect Purchases* (Cal. Sup. Ct. 1998) 1998 WL 1031494, *10 (citing *Wilson v. Bank of America Nat'l Trust & Sav. Ass'n.*, (Cal Sup. Ct. 1982) No. 643872 (multiplier of 10 times the hourly rate awarded) (cited in 3 Newberg & Conte, Newberg on Class Actions, section 1403, at 14-5 n. 21), and *Glendora Community Redevelopment Agency v. Demeter* (Cal. App. 2 Dist., 1984) 155 Cal. App. 3d 465, 479 (approving fee award 12 times estimated lodestar multiplier).

Informal Discovery/Data Analysis/Mediation/Settlement Agreement	10.7	$8,025.00
Settlement Approval Process – Motion for PAGA Approval	3.8	$2,850.00
TOTAL	**26.3**	**$19,725.00**

28. My previous experience in litigating wage and hour actions also supports the reasonableness of the fee request, as does the caliber of opposing counsel. My previous experience in similar matters was integral in evaluating the strengths and weaknesses of the case against Defendants and the reasonableness of the Settlement. Because it is reasonable to compensate me commensurate with my skill, reputation, and experience, attorney's fees of approximately 1/3 of the Gross Settlement Amount is reasonable. Likewise, the caliber and experience of opposing counsel in labor and employment litigation supports the fairness and reasonableness of the requested fee award.

29. The litigation costs expended to aid in the representation of the PAGA Members include the following: lawsuit filing fee of $1,497.10; lawsuit service fee of $360.00; PAGA initial filing fees of $75.00; expert data analysis fee of $850.00; mediation fee of $5,000; and miscellaneous filing fees of $222.70 for a total of $8,004.80. All of these costs are documented and reasonably incurred.

Settlement Administration Costs

30. With regard to the settlement administration costs provision, it is reasonable. Before agreeing to Phoenix Class Action Administration Solutions ("Phoenix"), the parties sought and reviewed bids from other reputable third-party administrators, including Apex and ILYM, and Phoenix's bid was comparable. Phoenix's bid has been attached as **Exhibit 3** to this declaration.

Notice of Settlement to the LWDA

31. Pursuant to Lab. Code § 2699(l)(2), my firm submitted a copy of the Settlement

with the LWDA at the same time the Settlement is being filed with the Court. True and correct copies of this submission with the LWDA and the confirmation email are collectively attached as **Exhibit 4** to this declaration. My firm will further provide a copy of the Court's Order and Judgment to the LWDA within ten (10) calendar days after entry of said judgment or order as required by Labor Code sections 2699(l)(2)-(3).

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

Executed on February 26, 2026, at Glendale, California.

HAROUT MESSRELIAN,
Declarant

EXHIBIT 1

MESSRELIAN LAW
ATTORNEYS AT LAW

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Fax: (818) 956-1983

VIA ELECTRONIC FILING **February 16, 2024**

California Labor & Workforce Development Agency (LWDA)
Attn. PAGA Administrator
800 Capitol Mall, MIC-55
Sacramento, California 95814

VIA U.S. CERTIFIED MAIL (RETURN RECEIPT REQUESTED)

R-BROS. PAINTING, INC.
R. BROTHERS WATERPROOFING, INC.
ROD RODRIGUEZ
4968 RUTTNER COURT
SAN JOSE, CA 95111

R-BROS. PAINTING, INC.
R. BROTHERS WATERPROOFING, INC.
ROD RODRIGUEZ
707 W. HEDDING STREET
SAN JOSE, CA 95110

JUAN MANUEL VILLALOBOS v. R-BROS. PAINTING, INC.; R. BROTHERS WATERPROOFING, INC.; ROD RODRIGUEZ

RE: PRIVATE ATTORNEYS GENERAL ACT NOTICE

To Whom It May Concern:

Please be informed that our client, Mr. JUAN MANUEL VILLALOBOS (hereinafter "Mr. Villalobos" or "our client") seeks penalties on behalf of the State of California and all current and former non-exempt or hourly paid California employees ("aggrieved employees") who worked for R-BROS. PAINTING, INC., R. BROTHERS WATERPROOFING, INC. and ROD RODRIGUEZ (hereinafter collectively referred to as "R-BROS") at all of their locations in the State of California, during the relevant time period pursuant to California Labor Code section 2698, et. seq., the Labor Code Private Attorneys General Act of 2004 ("PAGA"). The purpose of this letter is to comply with the statutory requirements of California Labor Code section 2699.3 and shall constitute notice of the same. Individual ROD RODRIGUEZ is being included in this PAGA notice pursuant to Labor Code section 558.1 in that he was and is the owner, managing agent, and/or director of R-BROS. PAINTING, INC.; R. BROTHERS WATERPROOFING, INC., was involved in the day-to-day operations of the businesses, and controlled the wages, hours, and/or working conditions of our client and other hourly, non-exempt employees. R-BROS. PAINTING, INC. and R. BROTHERS WATERPROOFING, INC. are considered joint employers under California law in

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that they each controlled the wages, hours, and/or working conditions of our client and other employees. In addition, the above-named entities are an "integrated enterprise" under the law. The integrated enterprise test sets forth four factors for assessing whether two entities are considered a single entity for purposes of liability: (1) interrelation of operations; (2) common management; (3) centralized control of labor relations; and (4) common ownership or financial control. Even though one does not have to show proof of all factors to prevail on an integrated enterprise claim, here all four factors are unequivocally met as all companies and entities have the exact same ownership and management, including Rod Rodriguez. Furthermore, there is centralized control of labor relations and there is interrelation of operations considering the fact that employees from one business also worked for the other business.

Mr. Villalobos was employed by R-BROS as a painter. Mr. Villalobos started working at R-BROS on or around May 2023 and was terminated in January 2024. During his employment tenure, Mr. Villalobos was classified as an hourly, non-exempt employee.

In the case of Huff v. Securitas Sec. Servs. USA, Inc., 23 Cal. App. 5th 745 (2018), Plaintiff, Huff, was employed as a security guard for the Defendant Employer, Securitas Security Services USA, Inc., an onsite security provider. After about a year of employment, Huff resigned. Huff then filed suit against Securitas under PAGA. In his claim, Huff specifically alleged violations to the Labor Code requiring immediate payment of wages upon termination of employment and weekly payment of wages to temporary employees. The trial court determined Huff was not a temporary employee, and therefore, lacked standing to bring the claim. Thus, Securitas was granted a motion for summary judgement. Later, the trial court granted Huff a new trial. Securitas then appealed the grant of a new trial. On appeal, the issue was whether Huff could bring a PAGA claim and sue for Labor Code violations that did not directly affect him. Securitas unsuccessfully argued that the PAGA statute only allows the PAGA representative to sue for violations that the representative has personally suffered. The PAGA statute states that an "aggrieved employee" is able to file suit on behalf of themselves and others. The statute also states that an "aggrieved employee" is "any person who was employed by the alleged violator and against whom one or more of the alleged violations was committed." Because at least one of the violations that Huff had alleged had affected him personally, the Court of Appeal denied Securitas' motion.

In sum, since PAGA allows Plaintiffs to bring suit on behalf of both themselves and other employees, it allows for suits broader than the specific violations the named employee experienced. Therefore, even if the employee did not personally experience the Labor Code violations, the employer may still be liable to under PAGA. Consequently, it is our position that Mr. Villalobos can equivocally bring the following labor code violations on behalf of all other employees, including ALL hourly, non-exempt employees, irrespective of job title or job duties, who worked for R-BROS at any time during the relevant PAGA period at any location in the state of California.

It is our position that R-BROS has violated the following Labor Code Sections against Mr. Villalobos and other aggrieved employees, who include all non-exempt, hourly employees who

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worked for R-BROS at their various locations in the State of California during the relevant PAGA period.

R-BROS violated Labor Code § 1194, 1194.2, 1197, and 1197.1 because it failed to pay our client and other similarly situated aggrieved employees for all hours worked, including the statutory minimum wage for all hours worked and for "off the clock" work. This is so because R-BROS had a company policy wherein they would disproportionately round down the number of hours worked, resulting in "time shaving" and further resulting in aggrieved employees not being paid for all hours worked. In fact, R-BROS did not even have a formal timekeeping policy and did not keep accurate track of all hours worked, including the time it took for Mr. Villalobos and others to drive to the job sites. Mr. Villalobos and others were not paid for the travel time and the drive time, even though they were under the control of the employer. The latter is a minimum wage violation. Furthermore, as mentioned, there was no formal timekeeping system as hours were seemingly written down or recorded at the end of the week, and as such, all work hours were rounded, which is not in line with reality. In fact, one look at Mr. Villalobos' paystubs indicates that he was paid for exactly 8.0 hours per day, which once again is not in line with reality.

Pursuant to California Industrial Welfare Commission Order No. 16-2001, Section 8(B), "When tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer, except that an employee whose wages are at least two (2) times the minimum wage provided herein may be required to provide and maintain hand tools and equipment customarily required by the trade or craft." R-BROS unequivocally required its employees, including painters like Mr. Villalobos, to provide their own hand tools for the performance of their job duties. As such, R-BROS violated the aforementioned IWC Wage Order in that R-BROS required its painters, including Mr. Villalobos, to provide and maintain hand tools and equipment customarily required by the trade but did NOT compensate these employees at least two (2) times the minimum wage at all times.

Furthermore, R-BROS was subject to the prevailing wage laws of the State of California pursuant to Labor Code § 1771, regarding work undertaken on public construction projects. Under Labor Code § 1771, the only legal wage which may be paid to workers on public works projects is the prevailing wage. R-BROS compensated our client and other similarly situated aggrieved employees for their labor on public improvement, or public works construction projects, at a rate of pay below the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and less than the general prevailing rate of per diem wages for holiday and overtime work.

R-BROS was subject to the prevailing wage laws of the State of California pursuant to Labor Code § 1774, regarding work undertaken on public construction projects. R-BROS violated Labor Code § 1774, because it paid its employees, including our client, less than the specific prevailing rates of wages to all workmen employed in the execution of the contract of the projects. Mr. Villalobos and others similarly situated worked on public works projects, especially for the State of California.

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Due to the above "off the clock" violations, R-BROS also violated Labor Code §510 because it failed to pay our client and other aggrieved employees overtime compensation, even though they worked more than 8 hours per day, 12 hours per day, and/or 40 hours per week throughout their employment. Mr. Villalobos's and other aggrieved employees' actual work hours entitled them to overtime compensation, however, R-BROS did not compensate its hourly, non-exempt employees with the correct amount of overtime due to the "off the clock" work and time shaving as described above. Furthermore, R-BROS failed to include bonuses/incentive payments in calculating employees' regular rate of pay for use in deciphering the correct overtime rate of pay. For example, Mr. Villalobos received a $496.00 bonus at the end of 2023, but that bonus was not factored into his regular rate of pay for purposes of overtime compensation. Additionally, the incentive and bonus payments were also not factored into employees' regular rate for purposes of receiving meal and rest break premiums per the Ferra v. Loews case.

R-BROS also violated Labor Code § 226.7 and the appropriate Industrial Welfare Commission Wage Order no. 16 because it failed to provide our client and other similarly situated aggrieved employees with timely, uninterrupted 10-minute rest periods for every four hours of work, or majority portion thereof, throughout their employment. R-BROS did not completely relieve our client and others of all duty during said rest periods. R-BROS did not pay to our client and others one additional hour of pay at our client's regular rate of compensation for each workday that one or more statutory rest periods was not provided or was interrupted.

R-BROS violated Labor Code §§ 512 and 226.7 and the appropriate Industrial Welfare Commission Wage Order no. 16 because it failed to provide hourly, non-exempt employees, including Mr. Villalobos and others, the requisite 30-minute, uninterrupted meal periods for every five (5) hours of work throughout their employment. R-BROS did not completely relieve Mr. Villalobos and other employees of all duty during said meal periods. R-BROS did not pay to Mr. Villalobos and its hourly, non-exempt employees one additional hour of pay at their regular rate of compensation for each workday that one or more statutory meal periods was not provided. Mr. Villalobos and the hourly, non-exempt employees would not always receive meal periods before the 5th hour worked that were actually uninterrupted. The latter was due to the workload and due to being in a fast-paced work environment and in having to finish the painting jobs. Furthermore, Mr. Villalobos and others did not clock in and clock out for meal periods as there is no record of Mr. Villalobos even receiving a single statutory meal period throughout his employment. Meal period times were not enforced by the company at all, which creates a rebuttable presumption under the law that meal periods were not provided or taken.

Consequently, it was the normal practice and custom of R-BROS not to authorize, permit, and enforce timely, uninterrupted, statutory meal periods. If R-BROS had our client sign a meal period waiver, it would not be valid and enforceable since our client and others generally worked more than a 6-hour shift. If R-BROS had our client sign an on-duty meal period agreement wherein our client agreed to work through the meal periods, it would be invalid and unenforceable because the nature of our client's job does not and did not prevent him from taking a meal period and the company could have hired "breakers" to relieve Mr. Villalobos of his job duties so that he can actually take a timely, uninterrupted meal period. Moreover, any such "on duty" meal period

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agreement did not allow for our client to revoke such an agreement even if it was signed. As such, our client and others did not always receive statutory, timely meal periods during their employment. To the extent that R-BROS argues that employees receive meal break premium pay for missed meal periods, that argument is inconsequential for PAGA penalty purposes since the PAGA penalties are for the violations themselves, irrespective of whether an employee received the premium payment for a missed, short, or interrupted meal period. In *Kirby v. Immoos Fire Protection, Inc.*, the Court stated, "section 226.7 does not give employers a lawful choice between providing *either* meal and rest breaks *or* an additional hour of pay." *See Kirby v. Immoos Fire Protection, Inc.*, (2012) 53 Cal.4th 1244, 1256 (emphasis in original). Thus, the extra hour of pay does not excuse the violation; the employer has still committed a violation even if the remedy for the violation has been paid. *See Wert v. U.S. Bancorp*, (S.D. Cal. Mar. 22, 2016, 2016 WL 1110302 at *4). As such, the work environment and culture at R-BROS was not conducive to receiving consistent, timely, statutory meal breaks under California law. Moreover, any meal or rest break premiums paid were not compensated at the weighted average regular rate, inclusive of bonuses and/or incentive payments as well as overtime compensation.

Furthermore, during the relevant time period, and due to the above labor code violations, R-BROS failed to pay our client and other similarly situated aggrieved employees all wages due to them within any time period specified by California Labor Code section 204. This is due to the fact that Mr. Villalobos and others were not compensated for all hours worked, due to the time shaving and rounding of hours. The latter also resulted in the correct overtime amounts not being paid out. Moreover, Mr. Villalobos and others were not provided the proper meal and rest period premiums for missed, short, late, or interrupted meal/rest periods. R-BROS was also in violation of California Labor Code section 226(a) by failing to include pertinent information on the wage statements, including but not limited to, the correct hourly rate, all hours worked, overtime hours worked, correct overtime pay, gross wages earned, net wages earned, premium pay for missed meal and rest breaks, all deductions, the correct start and end of the pay period, all employee identifying information, the correct and complete name and address of the legal employer, and reimbursement for business expenses, among others. As such, R-BROS did not provide our client and other similarly situated aggrieved employees with complete, accurate itemized wage statements.

During the relevant time period, R-BROS also failed to keep accurate and complete payroll and time records showing the actual hours worked per day and the wages paid to Mr. Villalobos and others pursuant to California Labor Code sections 1174(d). This is so because R-BROS didn't have a formal timekeeping system and would record hours at the end of the week on a piece of paper, which were rounded, and which did not include the clock-in and clock-out times for meal periods.

R-BROS also violated Labor Code § 203 because it willfully failed to pay our client and other similarly situated aggrieved employees earned and due wages upon separation of employment, either immediately upon involuntary termination, or within 72 hours of resignation. These earned but unpaid wages include compensation for all hours worked, including minimum wages, overtime compensation, and premium pay for missed meal and rest breaks.

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During the relevant time period, Mr. Villalobos and other aggrieved employees incurred necessary, business-related expenses and costs that were not reimbursed by R-BROS. These costs include, but are not limited to, uniforms, use of personal cell phones for work purposes (to communicate with management regarding jobs), parking fees/costs, use of personal vehicles without any mileage reimbursement, and use of personal hand tools for work purposes, including paint, rollers, brushes, masking tape, etc. Moreover, Mr. Villalobos and others were also not paid any per diem expenses for their meals while they were traveling for work and they were also not reimbursed for mileage as they were required to utilize their personal vehicles to travel to work sites. Accordingly, R-BROS was in violation of California Labor Code sections 2800 and 2802.

Moreover, R-BROS failed to provide sick pay pursuant to Labor Code section 246 and also failed to provide Worker's Compensation coverage for our client and other aggrieved employees in violation of Labor Code Section 3700.5. R-BROS also failed to provide proper rest facilities under IWC Section 16-2001.

Furthermore, we believe your companies have also violated Labor Code Section 558 and has engaged in business practices which violate Business and Professions Code Section 17200.

Each of the aforementioned violations, except the violations for inaccurate pay statements under Labor Code section 226(a), is among the enumerated serious violations set forth in Labor Code § 2699.5, for which there is no statutory right to cure.

Please take notice that, based upon the above-mentioned violations, and in addition to the penalties provided by those specific sections themselves, Mr. Villalobos also intends to seek penalties under the following Labor Code sections which themselves are inviolable but provide for recovery of penalties for violating one or more of the above-mentioned Labor Code sections: Labor Code §§ 558, 226.3, 1197.1.

Should your agency choose not to pursue this matter, this law office intends to vigorously prosecute the aforementioned Labor Code violations on its behalf and vindicate the rights of all employees who have been subjected to these same Labor Code violations by R-BROS.

If you have any questions or require additional information, please do not hesitate to contact us. Thank you in advance for your attention to this matter.

Very Truly Yours,

Harout Messrelian, Esq.

EXHIBIT 2

PAGA SETTLEMENT AND RELEASE AGREEMENT

PARTIES

This Settlement and Release Agreement ("PAGA Settlement Agreement" or "Agreement") is made by and between and among JUAN MANUEL VILLALOBOS ("Plaintiff"), on the one hand, and R-BROS. PAINTING, INC. and ROD RODRIGUEZ (collectively, "Defendants"), on the other hand. Throughout this PAGA Settlement Agreement, Plaintiff and Defendants shall be collectively referred to as "the Parties."

RECITALS

WHEREAS, Plaintiff alleges that Defendants caused Plaintiff injury and damage during, and pertaining to his employment by Defendants and that Defendants failed to abide by employment laws, statutes, and ordinances;

WHEREAS, Plaintiff filed claims under the California Labor Code both as to his individual rights and claims and as a Private Attorneys General Act Claim under California Labor Code § 2698 *et seq*, ("PAGA Claims") and this settlement seeks to resolve the PAGA Claims while Plaintiff's individual claims, except his individual PAGA Claims, and any claims that Plaintiff may have contemplated have been resolved by a separate confidential settlement agreement.

WHEREAS, on or about May 14, 2024, Plaintiff filed a Complaint for Damages against Defendants with the California Superior Court in and for the County of Santa Clara, Case No. 24CV438933 alleging the following causes of action: (1) Failure to Compensate for All Hours Worked; (2) Failure to Pay Minimum Wage; (3) Failure to Pay Overtime; (4) Failure to Provide Accurate Itemized Wage Statements; (5) Failure to Pay Wages Owed Every Pay Period; (6) Failure to Give Rest Breaks; (7) Failure to Give Meal Breaks; (8) Failure to Reimburse for Business Expenses; (9) Failure to Pay Wages When Employment Ends; (10) Private Attorneys General Act ("PAGA"); and (11) Violation of California Business and Professions Code Section 17200;

WHEREAS, Defendants deny any and all wrongdoing, deny that Plaintiff's claims could properly be maintained as a PAGA representative action, and deny any and all liability related to Plaintiff's employment with Defendants, if any;

WHEREAS, Plaintiff has entered into a confidential individual settlement agreement covering his individual non-PAGA Claims;

WHEREAS, the parties intend that this PAGA Settlement Agreement resolves, in toto, the PAGA claims, both representative and individual, assertedly arising from alleged employment with defendant R-BROS. PAINTING, INC.

WHEREAS, there are 76 employees of defendant R-BROS. PAINTING, INC. ("PAGA Pool Members"), which includes the named Plaintiff, during the period from March 11, 2023, to June 19, 2025 ("PAGA Pool Period");

WHEREAS, there exists a bona fide dispute as to whether any amount of penalties are due from Defendants to any PAGA Pool Members, Plaintiff, or to the Labor & Workforce Development Agency ("LWDA");

WHEREAS, the Parties seek resolution, without any admission of liability to the PAGA Cause of action as contained in the LWDA Notice (also referred to as "PAGA Notice") and Complaint; and,

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement agree as follows:

AGREEMENT

1. **Recitals Incorporated.** The Recitals above are incorporated into this Settlement Agreement as if set forth in full.

2. **Effective Date.** This Settlement Agreement shall be deemed effective upon final approval by the Court

3. **Settlement Payment.** Defendant R-BROS. PAINTING, INC. agrees to pay SIXTY-FIVE THOUSAND DOLLARS ($65,000.00) for settlement of the PAGA Claim arising from alleged employment with R-BROS. PAINTING, INC, subject to Court approval. Such payments is collectively referred to as the PAGA Settlement Amount. The PAGA Settlement Amount includes costs and fees, including the Plaintiff's Counsel Award, Settlement Administrator Expenses, and PAGA Amount for distribution to the LWDA for all PAGA claims resolved herein as follows:

   a. Attorneys' fees and costs up to $30,666.66. Plaintiff's Counsel agrees not to seek an award of attorneys' fees from the Court in excess of $21,666.66 of the PAGA Settlement Amount. Defendants agree not to oppose a request for attorneys' fees and reasonable costs and expenses incurred up to $9,000.00 (the "Plaintiff's Counsel Award"). Any amount awarded as the Plaintiff's Counsel Award shall be inclusive of any and all amounts due to or claimed by any and all counsel representing Plaintiff. Released Parties and PAGA Pool Members shall have no obligation regarding or liability for allocation or payment of the Plaintiff's Counsel Award;

   b. "Settlement Administrator Expenses" means the amount to be paid to the Settlement Administrator, Phoenix Settlement Administrators, solely from the Settlement Amount, including the total costs, expenses, and fees of the Settlement Administrator. The amount is not to exceed Three Thousand Five Hundred Dollars ($3,500.00).If the Settlement Administrator's expenses are less than $3,500.00, the balance of such funds shall be included in the amount to be distributed to the PAGA Pool Members; and

   c. "Net PAGA Amount" means the total amount of PAGA civil penalties to be paid from the portion of the PAGA Settlement Amount paid by R-BROS. PAINTING, INC. The Net PAGA Amount is anticipated to be Seven Thousand Seven Hundred Eight Dollars and

Thirty-Four Cents ($7,708.34). That figure is based on the aforementioned projected administration cost of $3,500.00 and shall be equal to the portion of the Settlement Amount after the payment of the Plaintiff's Counsel Award and the Settlement Administrator Expenses. Of the Net PAGA Amount, Seventy-Five percent (75%) shall be paid to the California Labor and Workforce Development Agency and Twenty Five percent (25%) shall be paid to PAGA Pool Members pro rata (based on the number of pay periods a PAGA Pool Member worked during the "PAGA Pool Period" as compared to the total number of pay periods worked by all PAGA Pool Members during that same time period) and considered penalties for tax reporting purposes. Each PAGA Pool Member's pro rata payment is an "Individual Settlement Payment." Based on the $30,833.34 estimate, this will require Twenty-Three Thousand One Hundred Twenty Five Dollars and Zero Cents ($23,125.00, or 75% of the Net PAGA Amount) to be distributed to the LWDA and Seven Thousand Seven Hundred Eight Dollars and Thirty Four Cents ($7,708.34, or 25% of the Net PAGA Amount) to be distributed to PAGA Pool Members.

4. **Payments.** The foregoing payments of the Settlement Amount shall be mailed to the Third-Party Administrator, Phoenix Settlement Administrators ("Administrator") within thirty (30) days following the date the Order approving the settlement has been entered by the Court. The Administrator will process the payments. Payment of the foregoing payments from Defendants to the Administrator is contingent upon Defendants' receipt of W-9 forms from Plaintiff and Plaintiff's counsel. Plaintiff shall get at least two bids but no more than three bids to select the Administrator. It shall be the Administrator's responsibility to accept deposits on behalf of the Parties and Pool members (the "Settlement Trust Fund") and make payments as described above and as contained in the section addressing the administration of PAGA funds.

5. **Timing of Payments.** The above payments shall be made to the Third-Party Administrator to be held in trust. The total consideration for the Settlement from Defendants is the PAGA Settlement Amount, Sixty-Five Thousand Dollars ($65,000.00), to be paid within thirty (30) days after the Order approving the settlement has been entered by the Court. This is an "all in" number that includes, without limitation, Plaintiff's Counsel Award from this Agreement, Settlement Administrator Expenses, the Net PAGA Amount, and all claims for interest, fees, and costs. Under no circumstances shall Defendants be required to pay anything more than the PAGA Settlement Amount. In no event shall Defendants be liable for making any payments under this PAGA Settlement Agreement, or for providing any relief to PAGA Pool Members, before the deadlines set forth in this Agreement. The Parties agree that the entire amount of the Net PAGA Amount shall be distributed to the PAGA Pool Members.

6. **PAGA Pool Members.** The "PAGA Pool Members" bound by this settlement are hereby defined as all current or former employees, including Plaintiff, who worked for Defendant R-BROS. PAINTING, INC, at any time during the period between March 11, 2023, to June 19, 2025. 76 PAGA Pool Members have been identified.

7. **Released Parties.** "Released Parties" is defined as R-BROS. PAINTING, INC., and ROD RODRIGUEZ and their spouses, heirs, owners, principals, officers, directors, employees,

shareholders, partners, managers, holding companies, predecessors, successors, former, current and future agents, attorneys, accountants, insurers, subsidiaries, affiliates, and assigns.

8. **Taxes.** Plaintiff and PAGA Pool Members shall be solely and exclusively responsible for the payment of any and all applicable taxes relating to their payments received pursuant to this Agreement. Plaintiff and PAGA Pool Members shall defend, indemnify, and hold Defendants harmless from any tax liabilities, claims, demands, deficiencies, levies, assessments, executions, judgments or recoveries by any governmental entity against Defendants or any of their owners/employees arising out of or related to the payments made pursuant to this Agreement, including assessments for unpaid or delinquent taxes, assessments for Defendants' failure to withhold any amount from the payments called for herein, interest, and penalties. Defendants agree to provide Plaintiff and PAGA Pool Members with any relevant information and documents Plaintiff may need to address any tax assessments or related liabilities that may be imposed against PAGA Pool Members and/or Plaintiff by any federal, state, or local authority on account of the payments made pursuant to this Agreement.

9. **Defendants' Duties to Provide Information**. Within 15 days of the Court's order approving this Settlement Agreement, Defendants shall provide to the Third-Party Administrator a list containing 1) the names of the 76 PAGA Pool Members during the PAGA Pool Period; 2) the 76 PAGA Pool Members' last known addresses; 3) the number of pay periods each PAGA Pool Member worked during the PAGA Pool Period; and 4) the SSN or TIN utilized to pay each PAGA Pool Member. Defendants may identify the address of Plaintiff's counsel as the address for the one (1) individual Plaintiff.

10. **Distribution of Funds to Parties**:

   a. Upon receipt of the funds, the Third-Party Administrator shall release all payments held in trust that are earmarked for Plaintiff, his counsel, the LWDA, and the PAGA Pool Members in the following order:

      i. Plaintiff's Counsel's fees and costs as awarded by the Court.

      ii. The PAGA payments to the LWDA and PAGA Pool members.

11. **Dismissal of Entire Action.** In exchange for the foregoing consideration set forth in Sections 3 through 7, above, Plaintiff agrees to do the following:

      i. Upon approval by the Court of the settlement of the PAGA Claims, Plaintiff will immediately dismiss without prejudice the claims of the representative PAGA claim arising from alleged employment with R. BROTHERS WATERPROOFING, INC., filed in the Superior Court of the State of California, County of Santa Clara, Case No. 24CV438933 and, upon entry of such dismissal, immediately thereafter dismiss with prejudice the entire Action filed in the Superior Court of the State of California, County of Santa Clara, Case No. 24CV438933 as then constituted and

JM

Plaintiff INT: ID z1SNAWW87ybG3hKBPBEC3fQH

Defendant INT: ______

shareholders, partners, managers, holding companies, predecessors, successors, former, current and future agents, attorneys, accountants, insurers, subsidiaries, affiliates, and assigns.

8. **Taxes.** Plaintiff and PAGA Pool Members shall be solely and exclusively responsible for the payment of any and all applicable taxes relating to their payments received pursuant to this Agreement. Plaintiff and PAGA Pool Members shall defend, indemnify, and hold Defendants harmless from any tax liabilities, claims, demands, deficiencies, levies, assessments, executions, judgments or recoveries by any governmental entity against Defendants or any of their owners/employees arising out of or related to the payments made pursuant to this Agreement, including assessments for unpaid or delinquent taxes, assessments for Defendants' failure to withhold any amount from the payments called for herein, interest, and penalties. Defendants agree to provide Plaintiff and PAGA Pool Members with any relevant information and documents Plaintiff may need to address any tax assessments or related liabilities that may be imposed against PAGA Pool Members and/or Plaintiff by any federal, state, or local authority on account of the payments made pursuant to this Agreement.

9. **Defendants' Duties to Provide Information**. Within 15 days of the Court's order approving this Settlement Agreement, Defendants shall provide to the Third-Party Administrator a list containing 1) the names of the 76 PAGA Pool Members during the PAGA Pool Period; 2) the 76 PAGA Pool Members' last known addresses; 3) the number of pay periods each PAGA Pool Member worked during the PAGA Pool Period; and 4) the SSN or TIN utilized to pay each PAGA Pool Member. Defendants may identify the address of Plaintiff's counsel as the address for the one (1) individual Plaintiff.

10. **Distribution of Funds to Parties**:

    a. Upon receipt of the funds, the Third-Party Administrator shall release all payments held in trust that are earmarked for Plaintiff, his counsel, the LWDA, and the PAGA Pool Members in the following order:

        i. Plaintiff's Counsel's fees and costs as awarded by the Court.

        ii. The PAGA payments to the LWDA and PAGA Pool members.

11. **Dismissal of Entire Action.** In exchange for the foregoing consideration set forth in Sections 3 through 7, above, Plaintiff agrees to do the following:

    i. Upon approval by the Court of the settlement of the PAGA Claims, Plaintiff will immediately dismiss without prejudice the claims of the representative PAGA claim arising from alleged employment with R. BROTHERS WATERPROOFING, INC., filed in the Superior Court of the State of California, County of Santa Clara, Case No. 24CV438933 and, upon entry of such dismissal, immediately thereafter dismiss with prejudice the entire Action filed in the Superior Court of the State of California, County of Santa Clara, Case No. 24CV438933 as then constituted and

Plaintiff INT: ______

Defendant INT: RR

ii. Plaintiff will release Defendants from any and all claims, as described in paragraphs 12 through 15 *infra*, Plaintiff has against Defendants and the Releasees, defined *infra.*

12. **Release of PAGA Claim.**

Plaintiff and his respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns generally, release and discharge, under the Private Attorneys General Act, Released Parties from all claims, transactions, or occurrences that occurred during the PAGA Period including, but not limited to, all claims that were, or reasonably could have been alleged, based on the facts contained in the Complaint and the PAGA Notice ("Plaintiff's Release"). Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

13. **Plaintiff's Waiver of Rights Under California Civil Code Section 1542.** For purposes of Plaintiff's Release in this PAGA settlement and in the accompanying contingent individual settlement, 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.

Again, based on the nature of the individual confidential settlement agreement being contingent on the approval of this PAGA settlement, if this settlement is approved, Plaintiff is entering into a general release of claims.

14. **Release by PAGA Pool Members.** All PAGA Pool Members are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Action and any PAGA Notice.

15. **Release by PAGA Counsel.** Other than as expressly set forth herein, PAGA Counsel release on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Action and the PAGA Period facts stated in the Action and any PAGA Notice.

16. **Waiver of Legal Action Arising From Agreement.** Plaintiff agrees never to commence, prosecute, or cause, permit, advise, or assist to be commenced or prosecuted, any action or proceeding against Defendants, including but not limited to any action or proceeding based upon any claims, demands, causes of action, obligations, damages or liabilities which are released pursuant to this Agreement, except as prohibited by law. Plaintiff warrants that

Plaintiff does not have any pending claims, suits or charges against Defendants other than the Action. Plaintiff agrees to not file any claims or actions under PAGA against Defendants, or either of them, or the releasees based on any of the events that occurred prior to the signing of this Agreement either individually or in a representative capacity.

17. **Contingent Nature of PAGA and Attorneys' Fees and Costs Subject to Court Approval.** Plaintiff and Defendants both acknowledge that the terms of settlement outlined herein are subject to Court approval under California Labor Code § 2699 *et seq*. The Parties agree that this settlement shall be presented to the Court for approval.

18. **Motion for Court Approval.** Plaintiff will prepare and file a noticed Motion for Approval of Settlement of PAGA Claims along with a proposed order after all Parties execute the Settlement Agreement. Defendants will cooperate with Plaintiff in preparation and submission of the Motion for Approval of Settlement of PAGA Claims as necessary. Plaintiff will request entry of an order that accomplishes the following:

    a. approves this Agreement;
    b. approves the amount of the Net PAGA Amount to be allocated to the LWDA and PAGA Pool Members;
    c. approves Plaintiff's counsel's request for reasonable attorneys' fees, litigation costs, and administration fees, as set forth in this Agreement;
    d. provides that the Court shall retain continuing jurisdiction over Plaintiff, Aggrieved Employees, Defendants, and the LWDA to enforce this Agreement; and,
    e. enters Judgment in accordance with the terms of this Agreement which includes dismissal of the Action with prejudice.

    Plaintiff's counsel shall be responsible for ensuring that at least the following documents are filed with the Court in anticipation of the approval hearing, if any:

    a. A duly noticed motion, accompanying memorandum of points and authorities prepared by Plaintiff's Counsel, and such other pleadings or other documents as may be necessary for the Court to approve the Agreement.
    b. A [Proposed] Order and Judgment for the Court's signature that (i) approves the Agreement; (ii) approves the amount of the Net PAGA Amount to be allocated to the LWDA and PAGA Pool Members as set forth in this Agreement; (iii) approves Plaintiff's Counsel's request for reasonable attorneys' fees, litigation costs, and administration costs, as set forth in this Agreement; (iv) provides that the Court shall retain continuing jurisdiction over Plaintiff, PAGA Pool Members, Defendants, and the LWDA, to enforce this Agreement; (v) enters Judgment in accordance with the terms of this Agreement; and (vi) approves dismissal with prejudice of the Action.

19. **Administration of PAGA Funds.** The Administrator, Phoenix Settlement Administrators, upon Court's approval, shall administer the PAGA claims.

    i. Notice by First-Class Mail. The Third-Party Claims Administrator shall send each PAGA Pool Member their Individual Settlement check corresponding to the portion they are due, a Letter explaining why they are receiving the check and what ITIN or Social Security Number was used and a W-9 Form if they wish to amend the number via First Class mail.

The Claims Administrator shall mail the check and notice letter to each PAGA Pool Member's most current mailing address as identified by Defendants. The Third-Party Claims Administrator shall send a settlement check to Plaintiff in the amount of the WP Individual PAGA Settlement Amount allocated to Plaintiff.

ii. <u>Procedure for Undeliverable Notices</u>. Any Notice Packages returned to the Claims Administrator as non-delivered within twenty-one (21) calendar days shall be sent to the forwarding address affixed thereto. If no forwarding address is affixed or if subsequent notices are returned non-delivered, any remaining funds attributed to civil penalties under Labor Code § 2698 *et seq.* shall be and will be sent to California Unclaimed Property Fund.

iii. The Administrator shall use the PAGA Pool Members' Information solely for the purpose of giving notice of the Settlement and calculating the Individual PAGA Payments. PAGA Pool Members' Information shall be kept confidential by the Administrator and will not be disclosed to anyone other than as required to report to applicable taxing authorities or as required to carry out the reasonable efforts to identify PAGA Pool Members' Information – pursuant to Defendants' express written authorization – or by order of the Court. Within ten (10) days after the receipt of the PAGA Pool Members' Information and prior to mailing, the Administrator shall run all the addresses provided in the PAGA Pool Members' Information through the United States Postal Service NCOA database to obtain current address information.

iv. <u>Notice Package.</u> The Letter is attached as Exhibit A as well as a W-9 IRS tax form as the PAGA penalties are considered a civil penalty and will be reported on a federal form 1099.

v. <u>Submission to LWDA.</u> Claims Administrator will submit the Labor and Workforce Development Agency's portion of the PAGA penalties within 30 days after Court approval.

20. **<u>No Admission of Liability.</u>** Parties understand and agree that (a) Parties have entered into this Agreement for the purpose of purchasing peace and to prevent further involvement with the matter, and (b) neither the transfer of any consideration, the doing of any of the acts referred to in this Agreement, nor anything else contained in this Agreement shall be taken or construed to be an admission on the part of any of the Parties of liability on behalf of any of the Parties as to the validity of any of the claims, defenses, or allegations. Nor shall this Settlement Agreement be admissible in any court, administrative agency, or tribunal for any purpose whatsoever, with the sole exception of any proceeding to enforce or interpret the terms of this Settlement Agreement. It is understood that this Settlement Agreement and General Release does not constitute or arise out of any admission of liability or wrongdoing of any party but is a compromise of disputed facts, issues and claims.

21. **<u>Use and Return of PAGA Pool Member Data.</u>** Information provided to PAGA Counsel pursuant to California Evidence Code § 1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendants' Counsel in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the

Administrator discharges its obligation to pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendants unless, prior to the Administrator's payment of all Settlement Funds, Defendants make a written request to PAGA Counsel for the return, rather than the destruction, of PAGA Pool Members Data.

22. **Voluntarily Entered.** The Parties represent and warrant that this Settlement Agreement is executed voluntarily by the Parties and with the full knowledge of the consequences and implications of the obligations contained herein. Each of the Parties acknowledges that it may hereafter discover facts in addition to or different from those which such Party now believes to be true with respect to the subject matter of the claims released hereunder, but hereby stipulates and agrees that, as set forth herein, they nonetheless have fully, finally and forever released any and all disputes, claims and controversies pertaining in any way to Plaintiff's employment with Defendants.

23. **Right to Counsel.** The Parties represent and warrant that they have had the opportunity to be represented by legal counsel of their choice throughout the negotiations which preceded the execution of this Settlement Agreement, and in connection with the preparation and execution of this Settlement Agreement, and that they have carefully and thoroughly reviewed this Agreement in its entirety with their attorneys or have knowingly and voluntarily waived the right to do so.

24. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of, the Parties hereto and their predecessors, successors, heirs, assigns, past, present or future executors, administrators, trustees, beneficiaries, affiliated and related entities, officers, directors, agents, employees and representatives.

25. **Breach of Agreement.** Any party to this Agreement may bring an action at law for material breach of its terms. Unless otherwise ordered by the Court, only the provisions of this Agreement alleged to have been breached shall be disclosed.

26. **Attorneys' Fees.** If any additional or further legal proceedings and/or arbitration(s) are necessary by any of the Parties for enforcement of this Agreement or declaration of any rights under the terms of this Agreement, the prevailing party in that litigation and/or arbitration shall be entitled to receive from the other party who opposes such action all costs incurred, including, but not limited to, reasonable attorneys' fees.

27. **Construction.** The Parties have cooperated in the drafting and preparation of this Agreement. The normal rule of construction that any ambiguity or uncertainty in a writing shall be interpreted against the party drafting the writing shall not apply to any action on this Agreement. This Agreement is entered into in the State of California and shall be construed and interpreted in accordance with its laws.

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

29. **Complete Integration/Modification.** The Parties agree that this Agreement shall not be subject to rescission or modification based on any mistake of fact or law in that there is

absolutely no agreement or reservation that is not clearly expressed herein. The Parties further represent and warrant that, except as set forth in this Agreement, they have not relied upon or been induced by any representation, statement, or disclosure of any other party but have relied upon their own knowledge and judgment and upon the advice and representation of counsel of their own selection in entering into this Agreement, that they have read and fully understand the terms of this Agreement and are fully advised as to the legal effects thereof. This Settlement Agreement constitutes the full and complete integration of the Parties' agreement with respect to settlement of the disputes and matters described herein, and all statements, negotiations and/or prior agreements or understandings with respect to these matters are merged herein.

30. **Modification.** This Settlement Agreement may be modified only by a written instrument signed by all of the Parties hereto. No oral modifications shall be effective to vary or alter the terms of this Agreement.

31. **No Waiver.** The failure of a party to insist upon strict adherence to any term of this Settlement Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Settlement Agreement.

32. **Severability.** In the event that any of the terms of this Agreement are found to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

33. **Applicable Law.** This Settlement Agreement shall be governed by the laws of the State of California, exclusive of its choice of law rules.

34. **Enforceable Obligations; Court to Maintain Jurisdiction.** When executed, this Agreement will be valid, binding and legally enforceable in accordance with its terms and California Code of Civil Procedure section 664.6. Pursuant to Code of Civil Procedure section 664.6, the Parties agree that the Court shall retain jurisdiction over the Parties to enforce the settlement until performance in full of the terms of the Settlement Agreement and if necessary, to enter judgment pursuant to the terms of the Settlement Agreement.

35. **Waiver of Right to Appeal.** Provided the Court's final Judgment is consistent with the terms and conditions of this Agreement, specifically including the Plaintiff's Counsel Award, the Parties and their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Settlement Amount.

36. **Cooperation.** The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form

or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

37. **Execution in Multiple Counterparts.** This Settlement Agreement may be executed in multiple counterparts, each of which may be treated as an original document, but all such executed counterparts together shall constitute one and the same instrument. A facsimile or email signature shall be deemed effective as if it were an original signature.

38. **Copies.** Both facsimile and photocopies of the executed Settlement Agreement may be treated as original documents.

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

To Plaintiff	To Defendants
Harout Messrelian Messrelian Law Inc. 101 N. Brand Blvd., Suite 1450 Glendale, California 91203 Phone: (818) 484-6531 Fax: (818) 956-1983	Susan K. Hatmaker Hatmaker Law Group 7522 N. Colonial Avenue, Suite 105 Fresno, California 93711 Phone: (559) 374-0077 Fax: (559) 374-0078

40. **Warranty of Authority.** The undersigned individuals warrant and represent that they are authorized to execute this Settlement Agreement. Plaintiff further represents and warrants that he has the full right, power, legal capacity, and authority to enter into and perform obligations under this Agreement and that no approvals or consents of any persons are necessary in connection with it.

41. **No Assignment of Claims.** Plaintiff represents and warrants that there has not been an assignment or transfer, or purported assignment or transfer, voluntarily, involuntarily, or by operation of law, of any claim or matter released pursuant to this Agreement. Plaintiff agrees to indemnify, defend, and hold harmless any other party hereto from any claims which may be asserted against such party, based on, arising out of, or in connection with any such assignment, transfer or conveyance, or purported assignment, transfer or conveyance.

42. **Tax Liability.** Defendants make no representations as to the tax treatment or legal effect of the payments to Plaintiff and PAGA Pool Members called for hereunder and Plaintiff is not relying on any statement or representation by Defendants in this regard. Plaintiff understands and agrees that PAGA Pool Members will be solely responsible for the payment of any taxes or penalties predicated on the payments to them described herein. Defendants shall be held harmless from and against any claims resulting from the treatment of such payments as non-

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

43. **Stay of Litigation.** The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement.

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

45. **Representations and Warranties**. Each of the Parties warrants that:

    a. **THEY HAVE READ THIS SETTLEMENT AGREEMENT OR HAVE HAD THE PROVISIONS OF THIS SETTLEMENT AGREEMENT READ AND/OR EXPLAINED TO THEM AS NEEDED; AS EACH DEEMED NECESSARY AND UNDERSTAND THE CONTENTS HEREOF;**

    b. **THEY HAVE MADE SUCH INVESTIGATION OF THE FACTS PERTAINING TO THIS SETTLEMENT AGREEMENT AS EACH DEEMED NECESSARY;**

    c. **THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF THEIR SELECTION OR HAVE VOLUNTARILY REFUSED SUCH CONSULTATION;**

d. **THEY UNDERSTAND ALL OF THE TERMS OF THIS SETTLEMENT AGREEMENT; AND**

e. **THEY EXECUTE THIS SETTLEMENT AGREEMENT VOLUNTARILY WITH FULL KNOWLEDGE OF ITS LEGAL CONSEQUENCES.**

Plaintiff further warrants and represents that:

f. **PLAINTIFF HAS RECEIVED INDEPENDENT LEGAL ADVICE WITH RESPECT TO THE ADVISABILITY OF REACHING A SETTLEMENT IN THIS MATTER, THE ADVISABILITY OF EXECUTING THIS AGREEMENT, AND THE RAMIFICATIONS OF THE MEANING OF CALIFORNIA CIVIL CODE SECTION 1542;**

g. **NO PARTY (NOR ANY OFFICER, AGENT, EMPLOYEE, REPRESENTATIVE, OR ATTORNEY OF OR FOR ANY PARTY) HAS MADE ANY STATEMENT OR REPRESENTATION TO PLAINTIFF REGARDING ANY FACT RELIED UPON IN ENTERING INTO THIS AGREEMENT, AND PLAINTIFF HAS NOT RELIED UPON ANY STATEMENT, REPRESENTATION OR PROMISE OF ANY OTHER PARTY (OR OF ANY OFFICER, AGENT, EMPLOYEE, REPRESENTATIVE, OR ATTORNEY FOR THE OTHER PARTY) IN EXECUTING THIS AGREEMENT OR IN MAKING THE SETTLEMENT PROVIDED FOR HEREIN, EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT; AND,**

h. **THIS SETTLEMENT AGREEMENT AND THE PAGA SETTLEMENT AGREEMENT HAVE BEEN TRANSLATED, EITHER ORALLY, IN WRITING, OR BOTH, INTO SPANISH SO THAT PLAINTIFF COULD EITHER HEAR, READ, OR BOTH THIS SETTLEMENT AGREEMENT AND THE PAGA SETTLEMENT AGREEMENT IN LANGUAGE AND VERNACULAR THAT HE UNDERSTANDS.**

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed in their respective names on the date of this Settlement Agreement.

SIGNATURES TO FOLLOW ON NEXT PAGE

DATED: 2/25/2026

By: Juan Villalobos ID z1SNAWW87ybG3hKBPBEC3fQH
JUAN MANUEL VILLALOBOS

DATED:

By: ______________________________
ROD RODRIGUEZ

DATED:

By: ______________________________
ROD RODRIGUEZ
Authorized Agent of
R-BROS. PAINTING, INC., a
California corporation

DATED:

By: ______________________________
JUAN MANUEL VILLALOBOS

DATED: 2/25/2026

By: DocuSigned by:
A0A48E7B835D481
ROD RODRIGUEZ

DATED: 2/25/2026

By: DocuSigned by:
A0A48E7B835D481
ROD RODRIGUEZ
Authorized Agent of
R-BROS. PAINTING, INC., a
California corporation

EXHIBIT 3

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

November 10, 2025

CASE ASSUMPTIONS	
Class Members	76
Opt Out Rate	N/A
Opt Outs Received	
Total Class Claimants	76
Subtotal Admin Only	**$3,506.99**

Flat Fee Total $3,500.00

For 76 Class Members

Pricing Good for Scope of Estimate Only

All Aspects of Escheating to the State of CA Included

Spanish Translation, Printing & Mailing Included

Case: Villalobos v. R-Bros, PAGA Administration

Phoenix Contact: Michael E. Moore
Contact Number: 949.331.0131
Email: mike@phoenixclassaction.com

Requesting Attorney: Harout Messrelian
Firm: Messrelian Law, Inc.
Contact Number: 818.484.6531
Email: hm@messrelianlaw.com

Assumptions and Estimate are based on information provided by counsel. If class size changes, PHX will need to adjust this Estimate accordingly. Estimate is based on 76 Class Members. Class data **Must** be sent in Microsoft Excel or uploaded in the same format. Class Data Must be sent in one spreadsheet, with no additional programming needed. A rate of $150 per hour will be charged for any additional analysis or programming. Pricing good for 90 days.

Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)			
Administrative Tasks:	**Rate**	**Hours/Units**	**Line Item Estimate**
Programming Manager	$100.00	1	$100.00
Programming Database & Setup	$100.00	1	$100.00
Toll Free Setup*	$100.00	1	$100.00
Call Center & Long Distance	$2.50	12	$30.40
NCOA (USPS)	$15.00	1	$15.00
		Total	**$345.40**

* Up to 120 days after disbursement

Data Merger & Scrub / PAGA Letter & Check / Postage / SpanishTranslation			
Project Action	**Rate**	**Hours/Units**	**Line Item Estimate**
Notice Packet Formatting	$100.00	1	$100.00
Spanish Translation	$150.00	1	$150.00
Data Merge & Duplication Scrub	$0.09	76	$6.84
PAGA Letter and Check Packet	$1.00	76	$76.00
Estimated Postage (up to 1 oz.)*	$0.70	76	$53.20
		Total	**$386.04**

* Prices good for 90 days. Subject to change with the USPS Rate or change in Notice pages or Translation, if any.

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Skip Tracing & Remailing PAGA Packets / Tracking & Programming Undeliverables			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Case Associate	$72.00	1	$72.00
Skip Tracing Undeliverables	$0.75	19	$14.25
Remail PAGA Packets	$1.00	16	$16.00
Estimated Postage	$0.70	16	$11.20
Programming Undeliverables	$50.00	1	$50.00
		Total	**$163.45**

Case Management			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Case Associate	$55.00	2	$110.00
Case Manager	$85.00	1	$85.00
		Total	**$195.00**

Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Programming Calculations	$135.00	1	$135.00
Disbursement Review	$135.00	1	$135.00
Programming Manager	$95.00	1	$95.00
QSF Bank Account & EIN	$135.00	1	$135.00
Check Run Setup & Printing	$135.00	1	$135.00
		Total	**$635.00**

* Checks are printed on 8.5 x 11 in. sheets with W2/1099 Tax Filing

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Case Supervisor	$70.00	1	$70.00
Remail Undeliverable Checks (Postage Included)	$1.50	11	$17.10
Case Associate	$55.00	2	$110.00
Reconcile Uncashed Checks	$85.00	3	$255.00
Conclusion Reports	$115.00	2	$230.00
Case Manager Conclusion	$85.00	2	$170.00
Final Reporting & Declarations	$115.00	2	$230.00
QSF Annual Tax Reporting * (State Tax Reporting & Escheating Uncashed Checks to the State of CA included)	$700.00	1	$700.00
		Total	**$1,782.10**

* All applicable California State & Federal taxes, which include SUI, ETT, and SDI, and FUTA filings. Additional taxes are Defendant's responsibilty.

Estimate Total:	**$3,506.99**

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

TERMS AND CONDITIONS

Provisions: The case estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make any provision for any services or class size not delineated in the request for proposal or stipulations. Proposal rates and amounts are subject to change upon further review, with Counsel/Client, of the Settlement Agreement. Only pre-approved changes will be charged when applicable. No modifications may be made to this estimate without the approval of PSA (Phoenix Settlement Administrators). All notifications are mailed in English language only unless otherwise specified. Additional costs will apply if translation into other language(s) is required. Rates to prepare and file taxes are for Federal and California State taxes only. Additional charges will apply if multiple state tax filing(s) is required. **Pricing is good for ninety (90) days.**

Data Conversion and Mailing: The proposal assumes that data provided will be in ready-to-use condition and that all data is provided in a single, comprehensive Excel spreadsheet. PSA cannot be liable for any errors or omissions arising due to additional work required for analyzing and processing the original database. A minimum of two (2) business days is required for processing prior to the anticipated mailing date with an additional two (2) business days for a National Change of Address (NCOA) update. Additional time may be required depending on the class size, necessary translation of the documents, or other factors. PSA will keep counsel apprised of the estimated mailing date.

Claims: PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality.

Payment Terms: All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client. In the event the settlement terms provide that PSA is to be paid out of the settlement fund, PSA will request that Counsel/Client endeavor to make alternate payment arrangements for PSA charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the settlement account is funded by Defendant, or no later than the time of disbursement. Amounts not paid within thirty (30) days are subject to a service charge of 1.5% per month or the highest rate permitted by law.

Tax Reporting Requirements

PSA will file the necessary tax returns under the EIN of the QSF, including federal and state returns. Payroll tax returns will be filed if necessary. Under the California Employment Development Department, all taxes are to be reported under the EIN of the QSF with the exception of the following taxes: Unemployment Insurance (UI) and Employment Training Tax (ETT), employer-side taxes, and State Disability Insurance (SDI), an employee-side tax. These are reported under Defendant's EIN. Therefore, to comply with the EDD payroll tax filing requirements we will need the following information:

1. Defendant's California State ID and Federal EIN.

2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.

3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.

4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.

5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.

EXHIBIT 4