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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

HIGINIO ALVAREZ, DANIELA HERNANDEZ-AYALA, STACEY VELAZQUEZ, as aggrieved employees pursuant to the Private Attorneys General Act ("PAGA"), on behalf of the State of California and other non-party Aggrieved Employees, Plaintiffs, vs. CEC ENTERTAINMENT, LLC, a Texas limited liability company; CEC ENTERTAINMENT, INC., a Kansas corporation; and DOES 1 through 10, inclusive, Defendants.	Case No. 23CV409445 Assigned to the Hon. Theodore C. Zayner **~~[PROPOSED~~] ORDER GRANTING MOTION FOR COURT APPROVAL OF PAGA SETTLEMENT** Complaint Filed: January 3, 2023 Trial Date: None Set

[PROPOSED] ORDER

This is a representative action arising from alleged wage and hour violations. Plaintiffs Higinio Alvarez, Daniela Hernandez-Ayala, and Stacey Velazquez (collectively, "Plaintiffs") seek penalties under the Private Attorneys General Act ("PAGA"), alleging failures to pay overtime, pay regular rate wages, pay minimum wages, provide meal and rest periods, provide wage statements and maintain records, and timely pay wages during employment and after separation.

Plaintiffs move for approval of the PAGA settlement reached by the parties. A true and correct copy of the settlement ("Agreement") is attached hereto as Exhibit 1, and incorporated by reference.

The motion was heard on June 3, 2026 at 1:30 p.m. in Department 19 of Santa Clara Superior Court before the Honorable Theodore C. Zayner. The motion is unopposed. As discussed below, the Court GRANTS the motion for approval of the PAGA settlement, VACATES the Case Management Conference set for 2:30 p.m. on June 3, 2026, and sets a compliance hearing for March 3, 2027 at 2:30 p.m. in Department 11.

I. Legal Standard

A trial court must review and approve any settlement of an action filed under the Private Attorneys General Act ("PAGA"). (Lab. Code, § 2699, subd. (s)(2).) The trial court must "determine independently whether a PAGA settlement is fair and reasonable," to protect "the interests of the public and the LWDA in the enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 76-77.) A PAGA settlement may be substantially discounted, and courts often exercise their discretion to award PAGA penalties below the statutory maximum. (*Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 529; *Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1213.)

II. Settlement Terms and Administration

A. Provisions of the Settlement

Plaintiffs move for approval of a proposed settlement made on behalf of a group of Aggrieved Employees, defined as:

> All current and former hourly paid, non-exempt California employees of Defendants who worked at any time during the Settlement Period [October 30, 2021 through April 13, 2025][1].

(Declaration of Raul Perez ("Perez Decl."), Ex. 1 ("Agreement"), ¶¶ 1.2, 1.14.)

Under the terms of the settlement, Defendants CEC Entertainment, LLC and CEC Entertainment, Inc. (collectively, "Defendants") will pay a gross settlement amount of $1,755,000. (See Memorandum, pp. 10:16–12:19; Agreement, ¶¶ 27–34.) This amount includes attorney fees in the amount of $585,000 (one third of the gross settlement amount), litigation costs up to $30,000, service awards of $1,500 to each of the three Plaintiffs named in the First Amended Complaint, and settlement administration costs up to $20,000. Of the remaining net settlement amount, 75 percent will be paid to the LWDA, and 25 percent will be distributed to the approximately 8,297 Aggrieved Employees based on the number of pay periods worked. Funds from checks that are not cashed within 180 days from the date of issuance will be sent to the State of California Unclaimed Property Fund in the name of the Aggrieved Employee whose check went uncashed.

The Agreement further provides that Defendants will pay Plaintiffs $15,000 each as General Release Payments, to be paid separately from and in addition to the gross settlement amount, for general releases of all claims Plaintiffs may have arising out of their employment. (Agreement, ¶ 32.) "The Parties agree to memorialize the terms and conditions pertaining to the General Release Payments in a separate agreement between Defendants and each of the three Plaintiffs." (*Ibid.*)

In exchange for the settlement, Aggrieved Employees are deemed to release Defendants and related people and entities from "any and all claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or other provisions of law alleged or could have been alleged to have been violated in the Actions with respect to Aggrieved Employees based on the facts alleged in the Actions during the Settlement Period." (Agreement, ¶¶ 11, 13, 33.) The release provisions are appropriately tailored to the factual allegations of the operative pleading. (See *Amaro v. Anaheim Arena Management, LLC* (2021) 69 Cal.App.5th 521, 538.)

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[1] The parties agreed to amend the end date of the settlement period to be April 13, 2025 instead of May 14, 2025. (Memorandum p. 11:4-21.)

B. Fairness of the Settlement

Plaintiffs contend the PAGA settlement is fair and reasonable. (Memorandum, pp. 12:20–18:3; Perez Decl., ¶¶ 4–10; Declaration of Paolo Policastro ("Policastro Decl."), ¶ 24.) Plaintiffs' counsel explains that the parties participated in mediation with Daniel Turner, Esq., on March 14, 2025. (Perez Decl., ¶ 4.) Defendants provided Plaintiffs with discovery, including the relevant written policies and procedures, a list of non-exempt hourly positions, and random samples of time and pay records. (*Id.* at ¶ 9.) Plaintiffs also retained private investigators to document workplace conditions at 21 different locations throughout California. (*Ibid.*) Based on their investigation, Plaintiffs provide an analysis of Defendants' exposure, according to which the Defendants face a total maximum exposure of $129,756,600 and a risk-adjusted exposure of $12,023,970. (Memorandum, pp. 14:6–14:18.)

The gross settlement amount of $1,755,000 represents a recovery of approximately 1.4 percent of Defendants' estimated total maximum exposure and 14.6 percent of Defendants' risk-adjusted exposure. Given that trial courts can and do exercise their discretion to reduce the total PAGA penalties imposed, the Court finds that Plaintiffs' counsel has adequately explained the rationale behind the settlement amount. (See *Carrington, supra*, 30 Cal.App.5th at p. 529.)

The Court has reviewed Plaintiffs' written submissions in support of the settlement and is satisfied that the PAGA settlement is fair and may be approved.

C. Incentive Award, Fees and Costs

Plaintiffs seek service awards in the amount of $1,500 each ($4,500 total). (Memorandum, p. 24:10–25:26.) As referenced above, the Agreement provides the Defendants will pay each of the three Plaintiffs a $15,000 amount in exchange for a general release of all claims, and these payments will not come from the gross settlement amount. The Court is satisfied that the service awards are justified and the amounts requested are reasonable.

Plaintiffs' counsel seeks attorney fees of $585,000 (one third of the gross settlement amount). (Memorandum, pp. 18:4–23:20; Perez Decl. ¶¶ 20–24; Policastro Decl., ¶¶ 12-22.) Plaintiffs' counsel submits that the current lodestar in this action is $408,775, based on a total of 521.6 hours billed at rates from $625–1,050. (Memorandum, p. 20:18–25.) This results in a multiplier of 1.43, which is within the general range of multipliers that California courts have found to be reasonable. The Court finds the requested fees to be reasonable as a percentage of the total recovery and therefore approves a fee award in the amount requested.

Plaintiffs' counsel also requests reimbursement of litigation costs in the total amount of $23,049.02 and provides evidence of costs incurred in that amount. (Memorandum, pp. 23:21–24:9; Perez Decl., ¶ 25; Policastro Decl., ¶ 23.) The Court finds the costs to be reasonable and approves reimbursement of costs in the amount requested.

Plaintiffs also seek up to $20,000 in settlement administration costs to ILYM Group, Inc. (Memorandum, p. 8:20–21; Agreement, ¶ 34.) The Court appoints ILYM Group, Inc. as settlement administrator and approves settlement administration costs up to $20,000, according to proof at the compliance hearing.

III. Conclusion

The Court GRANTS the motion for approval of the PAGA settlement, VACATES the Case Management Conference set for 2:30 p.m. on June 3, 2026, and sets a compliance hearing for March 3, 2027 at 2:30 p.m. in Department 11.

A Judgment will be entered separately.

IT IS SO ORDERED.

Date June 9, 2026

Hon. Theodore C. Zayner
Santa Clara County Superior Court Judge

EXHIBIT “1”

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

HIGINIO ALVAREZ, as an aggrieved employee pursuant to the Private Attorney Generals Act ("PAGA"), on behalf of the State of California and other non-party Aggrieved Employees, Plaintiff, v. CEC ENTERTAINMENT, LLC, a Texas limited liability company; CEC ENTERTAINMENT, INC., a Kansas corporation; and DOES 1 through 10, inclusive, Defendants.	Case No. 23CV409445 **PAGA SETTLEMENT AGREEMENT**

PAGA SETTLEMENT AGREEMENT

Subject to Court approval by the Superior Court of the State of California for the County of Santa Clara ("Court"), Plaintiffs Higinio Alvarez, Daniela Hernandez-Ayala, and Stacey Velazquez ("Plaintiffs"), on behalf of the State of California and other Aggrieved Employees as defined below, and Defendants CEC Entertainment, LLC and CEC Entertainment, Inc. ("Defendants") (collectively with Plaintiffs, the "Parties") hereby agree to the following binding settlement ("Agreement," "Settlement," or "Settlement Agreement") of Plaintiffs' claims under the Labor Code Private Attorneys General Act of 2004 ("PAGA"). By executing this Agreement, the Parties intend to settle the lawsuits entitled *Alvarez v. CEC Entertainment, LLC*, No. 23CV409445 (Santa Clara County Superior Court), *Velazquez v. CEC Entertainment, LLC*, No. 2:24-cv-03519-AB-AGR (C.D. Cal.), and *Hernandez-Ayala v. CEC Entertainment, LLC*, No. CIVSB2417850 (San Bernardino County Superior Court), all of which involve claims brought under PAGA.

DEFINITIONS

The following definitions are applicable to this Settlement Agreement. Definitions contained elsewhere in this Settlement Agreement will also be effective:

1. "**Actions**" means *Alvarez v. CEC Entertainment, LLC*, No. 23CV409445 (Santa Clara County Superior Court) ("Alvarez Action"); *Velazquez v. CEC Entertainment, LLC*, Case No. 24STCV13234 ("Velazquez PAGA Action"); and *Hernandez-Ayala v. CEC Entertainment, LLC*, No. CIVSB2417850 (San Bernardino County Superior Court) ("Hernandez Action").

2. "**Aggrieved Employees**" means all current and former hourly paid, non-exempt California employees of Defendants who worked at any time during the **Settlement Period**.

3. "**Court**" means the Superior Court for the State of California, County of Santa Clara.

4. "**Escalator Clause**" refers to the condition necessary to increase the Gross Settlement Amount (as defined below). In the event that Defendants' data shows that the actual number of pay periods worked by the Aggrieved Employees during this period exceeds 186,485, Defendants shall have the option to: (a) shorten the Settlement Period so that the total pay periods does not exceed 186,485 or (b) proceed with the release through the Settlement Period provided herein with a pro rata increase of the Gross Settlement Amount, by increasing the Gross Settlement Amount by the same number of

percentage points by which the actual number of pay periods worked during the Settlement Period exceeds 186,485 (for example, if the number of pay periods increases by 11% beyond 186,485, the Gross Settlement Amount will increase by 11%).

5. "**Effective Date**" refers to the date upon which all of the following have occurred: (a) approval of the Settlement is granted by the Court overseeing the Amended Complaint for Settlement Purposes in the Alvarez Action, or other court assuming jurisdiction of this matter, and (b) the Court's judgment approving the settlement becomes Final. "Final" shall mean the latest of: (a) if there is an appeal of the Court's Judgment, the date on which the judgment is affirmed on appeal, the date of dismissal of such appeal, and the expiration of the time to file a petition for review to the California Supreme Court and/or petition for writ of certiorari to the U.S. Supreme Court, or (b) if a petition for writ of certiorari is filed, the date of denial of the petition for writ of certiorari, or the date the judgment is affirmed pursuant to such petition; or (c) if no appeal is filed, the expiration date of the time for filing or noticing any appeal of the judgment; i.e., 60 days after entry of judgment.

6. "**General Release Payments**" means the amounts to be paid to Plaintiffs as payment for general releases of all claims arising out of their employment with Defendants. The General Release Payments will be paid separately from, and in addition to, the Gross Settlement Amount.

7. "**Gross Settlement Amount**" means the settlement amount of One Million Seven Hundred Fifty-Five Thousand Dollars ($1,755,000) to be paid by Defendants in full satisfaction of all Settled Claims arising from the Actions.

8. "**LWDA**" means the California Labor and Workforce Development Agency.

9. "**PAGA Penalties Fund**" means the Gross Settlement Amount less the Attorneys' Fees and Costs, Service Awards, and Settlement Administrator Costs.

10. "**Plaintiffs' Counsel**" means Capstone Law APC and Lavi & Ebrahimian, LLC.

11. "**Released Parties**" means Defendants, any of their current or former parents, successors, predecessors, affiliates, subsidiaries or related entities, or any of their current or former officers, directors, members, shareholders, managers, human resources representatives, employees, agents, contractors, insurance carriers, representatives, or attorneys.

12. "**Service Awards**" means the amounts to be paid to Plaintiffs as payment for their

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service on behalf of the LWDA and Aggrieved Employees. Subject to the Court's approval, the Service Awards shall not exceed $1,500.00 for each Plaintiff. Defendants will not oppose this request. Any amount not approved by the Court shall be allocated to the PAGA Penalties Fund.

13. "**Settled Claims**" means any and all claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or other provisions of law alleged or could have been alleged to have been violated in the Actions with respect to Aggrieved Employees based on the facts alleged in the Actions during the Settlement Period.

14. "**Settlement Period**" means October 30, 2021 through May 14, 2025.

RECITALS

15. On October 26, 2022, March 22, 2024, and August 13, 2024, Plaintiffs submitted PAGA Notices to the LWDA, alleging various Labor Code violations and applicable Industrial Welfare Commission Wage Orders.

16. On September 14, 2023, Plaintiff Higinio Alvarez filed a PAGA representative action against Defendants in Santa Clara County Superior Court entitled, *Alvarez v. CEC Entertainment, LLC et al.*, Case No. 23CV409445.

17. On March 22, 2024, Plaintiff Stacey Velazquez filed a class action against Defendants in Los Angeles Superior Court entitled *Velazquez v. CEC Entertainment, LLC et al.*, Case No. 24STCV07299. Thereafter, on May 28, 2024, Plaintiff Velazquez filed a PAGA representative action against Defendants in Los Angeles Superior Court entitled, *Velazquez v. CEC Entertainment, LLC et al.*, Case No. 24STCV13234. Defendants removed the class action case to federal court and the case is now pending in the United Stated District Court for the Central District of California as *Velazquez v. CEC Entertainment, LLC*, No. 2:24-cv-03519-AB-AGR (C.D. Cal.).

18. On May 31, 2024, Plaintiff Daniela Hernandez-Ayala filed a class action against Defendants in San Bernardino Superior Court entitled, *Hernandez-Ayala v. CEC Entertainment, LLC*, No. CIVSB2417850.

19. As part of the discovery process, Defendants provided Plaintiffs with all of the relevant written policies and procedures, a list of non-exempt hourly positions, random samples of time records and electronic pay records.

20. Defendants also furnished Plaintiffs with data points for the Settlement Period, showing the number of Aggrieved Employees and the number of pay periods worked by Aggrieved Employees.

21. Plaintiffs' Counsel represent they have thoroughly investigated Plaintiffs' claims against Defendants. Plaintiffs' Counsel further represent they have conducted their own investigation into the underlying facts, events, and issues related to the subject matter of the Actions, including the review of the records produced by Defendants. In addition, Plaintiffs' Counsel represent that they have further undertaken an extensive analysis of the legal principles applicable to the claims asserted against Defendants, and the potential defenses thereto. All Parties have had ample opportunity to evaluate their respective positions on the merits of the claims asserted.

Private Mediation

22. On March 14, 2025, the Parties attended a full-day mediation with Daniel J. Turner, Esq., a highly respected mediator. At the end of a full-day mediation, the Parties reached an impasse. However, the Parties continued settlement discussions after the mediation to facilitate further settlement negotiations.

23. On July 3, 2025, the Parties accepted a mediator's proposal to settle the Actions.

24. The Parties have agreed to settle the Actions for an amount not to exceed $1,755,000 (i.e. the Gross Settlement Amount). The entire Gross Settlement Amount will be disbursed pursuant to the terms and conditions of this Agreement, and none of it will revert to Defendants.

25. **The Settlement Is The Result of Arms' Length Negotiations.** Based on the foregoing investigation and evaluation, Plaintiffs' Counsel is of the opinion that the terms set forth in this Agreement are fair, reasonable, adequate, and in the best interests of the State of California and the Aggrieved Employees. The terms of the Settlement also reflect extensive exchange of information and data between the Parties, which allowed Plaintiffs' Counsel to fully evaluate the potential risks in pursuing the underlying claims on the merits. This Agreement was reached after extensive arms'-length negotiations, including a full-day mediation with a mediator, and it was negotiated in light of all known facts and circumstances, including the risks of significant delay and uncertainty associated with litigation, the risk that the Actions would not be permitted to proceed on a representative basis, various defenses asserted by Defendants, and numerous potential appellate issues. Plaintiffs' Counsel also evaluated the

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interest of the Aggrieved Employees and the State of California in receiving a timely settlement, rather than continued litigation in this Action.

26. **The Parties' Intent**. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge the Settled Claims. The Parties also intend to effectuate the full scope of the released PAGA claims in this agreement.

TERMS

27. Amended Complaint for Settlement Purposes. Plaintiffs' Counsel will file an amended Complaint in the Alvarez Action that: (a) adds Plaintiffs Velazquez and Hernandez-Ayala as co-Plaintiffs, and (b) consolidates all claims and allegations pleaded in Actions into the Velazquez PAGA Action. Once Plaintiffs Velazquez and Hernandez-Ayala have their PAGA claims and allegations consolidated into the Alvarez Action, Plaintiffs Velazquez and Hernandez-Ayala shall dismiss all claims in the Velazquez PAGA Action and the Hernandez Action respectively and without prejudice.

28. Gross Settlement Amount. In consideration for Plaintiffs' promises and representations described in this Settlement Agreement, and subject to all of the conditions of the Settlement being met, Defendants will pay the Gross Settlement Amount, not to exceed One Million Seven Hundred Fifty-Five Thousand Dollars ($1,755,000) to settle the Actions. The Gross Settlement Amount is a material term of the Agreement and shall not be increased for any reason, unless the Escalator Clause is triggered. The Gross Settlement Amount includes Plaintiffs' attorneys' fees, litigation costs and expenses, Service Awards, Settlement Administration Costs, and PAGA Penalties Fund. No portion of the Gross Settlement Amount will be retained by, or revert to, Defendants.

29. PAGA Penalties Fund. The PAGA Penalties Fund will be paid to Aggrieved Employees and the LWDA in full satisfaction of all claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or other provisions of law alleged to have been violated in the Actions with respect to Aggrieved Employees. Pursuant to PAGA, Seventy-Five Percent (75%) of the PAGA Penalties Fund will be paid to the LWDA, and the remaining Twenty-Five Percent (25%) will be paid to all Aggrieved Employees according to the following formula:

29(a) Defendants will calculate: (i) the total number of pay periods worked by each Aggrieved Employee during the Settlement Period, and (ii) the total

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number of pay periods worked by all Aggrieved Employees during the Settlement Period.

29(b) To determine each Aggrieved Employee's payment from the PAGA Penalties Fund, Defendants will use the following formula: Settlement Payment = 25% of PAGA Penalties Fund × [Pay Periods Worked by Individual Aggrieved Employee During the Settlement Period ÷ Total Pay Periods Worked by All Aggrieved Employees during the Settlement Period].

29(c) The Gross Settlement Amount is based on Defendants' representation that the Aggrieved Employees worked approximately One Hundred Eighty-Six Thousand Four Hundred Eighty-Five (186,485) Pay Periods during the Settlement Period. In the event the number of Pay Periods worked by the Aggrieved Employees exceeds 186,485, then Defendants will have the option to either: (i) increase the Gross Settlement Amount on a pro-rata basis equal to the percentage increase in the number of Pay Periods worked by the Aggrieved Employees above 186,485 (for example, if the number of Pay Periods increases by 11% beyond 186,485, the Gross Settlement Amount will increase by 11%), or (ii) shorten the Settlement Period to an earlier date at which only 186,485 pay periods are covered by the Settlement Period.

30. <u>Attorneys' Fees and Costs</u>. Defendants agree not to oppose or impede any application or motion by Plaintiffs' Counsel for Attorneys' Fees and Costs of not more than Five Hundred Eighty Five Thousand Dollars ($585,000), plus the reimbursement of all out-of-pocket costs and expenses associated with Plaintiffs' Counsel's litigation and settlement of the Actions (including expert/consultant fees, investigations costs, etc.), not to exceed Thirty Thousand Dollars ($30,000), both of which will be paid from the Gross Settlement Amount. If the Court does not approve or approves only a lesser amount than that requested by Plaintiffs' Counsel for attorneys' fees and costs, the other terms of the Agreement shall still apply. Any portion of the Attorneys' Fees and Costs not awarded to Plaintiffs' Counsel will be

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added to the PAGA Penalties Fund. The award of attorneys' fees will be divided between Plaintiffs' Counsel as follows: (a) eighty-five percent (85%) to Capstone Law APC and (b) fifteen percent (15%) to Lavi & Ebrahimian, LLC. Plaintiffs' Counsel will be responsible for submitting all documents to support their request for attorneys' fees, costs, and expenses in connection with the Actions. Defendants shall have no liability for any other attorneys' fees, costs or expenses in connection with the Actions.

31. Service Awards. For Plaintiffs' service on behalf of the LWDA and Aggrieved Employees, Defendants agree not to oppose or impede any application or motion by Plaintiffs for a service award of up to One Thousand Five Hundred Dollars ($1,500), each ("Service Awards"). The Service Awards shall be paid from the Gross Settlement Amount, as enhancements for their services as the representatives of the Aggrieved Employees and State of California. The Service Awards shall be in addition to any pro rata share of the PAGA Penalties Fund that Plaintiffs may otherwise receive under the Agreement. For tax purposes, the Service Awards will be treated non-wages for which IRS Forms 1099-MISC will be issued. Plaintiffs will be responsible for correctly characterizing this compensation for tax purposes and for paying any taxes owing on said amount. Plaintiffs shall indemnify and hold harmless Defendants from any claim or liability for taxes, penalties, or interest arising as a result of the payment of the Service Award. Plaintiffs understand and agree that this Settlement Agreement shall remain in full force and effect even if the full amount of Service Awards sought by Plaintiffs is not ultimately awarded by the Court. The Parties agree that a denial or reduction by the Court of the requested Service Awards is not a basis for rendering the entire Agreement voidable or unenforceable. Any reductions by the Court of the Service Award shall be part of the PAGA Penalties Fund.

32. General Release Payments. For general releases of all claims Plaintiffs may have against Defendants arising out of their employment, Defendants agree to pay Plaintiffs the sum of Fifteen Thousand Dollars ($15,000), each ("General Release Payments"). The General Release Payments will be paid separately from, and in addition to, the Gross Settlement Amount. For tax purposes, the General Release Payments will be allocated between wages and non-wages for which an IRS Form W-2 and IRS Forms 1099-MISC will be issued. The Parties agree to memorialize the terms and conditions pertaining to the General Release Payments in a separate agreement between Defendants and each of the three Plaintiffs.

33. Release By Plaintiff, The State of California, and the Aggrieved Employees. Plaintiffs, on behalf of themselves, the State of California, and the Aggrieved Employees fully and finally release and forever discharge the Released Parties from any and all Settled Claims during the Settlement Period. As a result of this release, Plaintiff, the State of California, and the Aggrieved Employees will not be able to bring a claim or seek civil penalties or any other forms of relief against Defendants based on the Settled Claims that took place during the Settlement Period.

34. Settlement Administration Costs. The Parties will retain ILYM Group, Inc. as the third-party settlement administrator ("Settlement Administrator"). The Settlement Administrator will be responsible for establishing a qualified settlement fund ("QSF") and issuing payments and appropriate tax forms to Aggrieved Employees, the LWDA, Plaintiffs, and Plaintiffs' Counsel. The Settlement Administration Costs will be paid from the Gross Settlement Amount. Based on the estimate that there are approximately 8,297 Aggrieved Employees, Settlement Administration Costs are estimated at Twenty Thousand Dollars ($20,000). Any reduction by the Court or any unused amount shall revert to the Gross Settlement Amount. The Settlement Administrator shall assist in all aspects of the settlement process for the Actions, including, but not limited to:

34(a) Establishing a separate employer identification number and a QSF, tax reporting, making tax payments, providing required 1099 and W-2 forms;

34(b) Calculating and distributing attorneys' fees and costs, Service Awards, and net settlement amount, including individual aggrieved employee settlement amounts and PAGA Penalties Fund, and Settlement Administration Cost;

34(c) Printing, distributing, tracking, sending, and resending of notice to Aggrieved Employees with distribution of PAGA payments pursuant to the terms of this Agreement; and

34(d) Tracking and distributing any unclaimed portions of the QSF to the California State Controller's Office pursuant to California's Unclaimed Property Law.

35. Court Approval of the Settlement and Distribution of Settlement Payments. Upon execution of this Agreement, Plaintiffs' Counsel shall file an Amended Complaint in the Alvarez Action

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as contemplated in Section 27, *supra*. After Plaintiffs' Counsel successfully amends the Complaint in the Alvarez Action, Plaintiffs' Counsel shall prepare the Motion for Approval of PAGA Settlement to be filed in the Action. The Motion for Approval of PAGA Settlement shall seek an order to approve the proposed Settlement according to the terms in this Agreement. The Motion for Approval of PAGA Settlement also shall seek an order that provides for the Notice to be sent to Aggrieved Employees as specified in this Agreement. The Motion for Approval of PAGA Settlement shall include the bases for the Gross Settlement Amount and why the amount is reasonable in light of the facts and controlling authorities pertaining to the claims alleged in the Action. Plaintiffs will present this Settlement Agreement to the Court and the LWDA. The Parties will request that the Court issue an order and judgment approving and incorporating by reference the terms and conditions of the Settlement Agreement (the "Order and Judgment"). Plaintiffs' Counsel shall give written notice of the PAGA Settlement to the LWDA simultaneously with the filing of the Motion for Approval of PAGA Settlement in the Actions pursuant to Labor Code § 2699(s)(2).

36. List of Aggrieved Employees. Within thirty (30) calendar days after the Effective Date, Defendants will provide the Settlement Administrator a complete list of all Aggrieved Employees ("Aggrieved Employee List"). The Aggrieved Employee List will be formatted in Microsoft Office Excel and will include each Aggrieved Employees full name; most recent mailing address and telephone number (if available); Social Security number; the respective number of pay periods during which each Aggrieved Employee worked during the Settlement Period; and any other relevant information needed to calculate settlement payments.

37. Funding of the Settlement. Within thirty (30) calendar days after the Effective Date, Defendants will deposit the Gross Settlement Amount and General Release Payments into the QSF to be established by the Settlement Administrator ("Funding Date"). Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue payments to: (a) Aggrieved Employees; (b) the Labor and Workforce Development Agency; (c) Plaintiffs; (d) Plaintiffs' Counsel; and (e) itself. The Settlement Administrator, and not Defendants, will issue the appropriate tax forms for all payments issued under this Settlement.

38. Settlement Payments to Aggrieved Employees. The Settlement Administrator will issue

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each Aggrieved Employee one check for his or her share of the PAGA Penalties Fund along with an explanatory letter, attached as Exhibit A. Prior to mailing, the Settlement Administrator will perform a search based on the National Change of Address Database for information to update and correct for any known or identifiable address changes. Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace, or other search using the name, address or Social Security number of the Aggrieved Employee involved, and will then perform a single re-mailing. Checks will remain negotiable for 180 days. For tax purposes, the Parties agree that the PAGA Payment allocated to the Aggrieved Employees shall be considered penalties, for which a Form 1099 will be issued to reflect these payments. Aggrieved Employees will be responsible for paying any personal income taxes owed on the amounts they receive. Those funds represented by un-cashed checks which remain outstanding 180 days after the mailing of the Settlement checks by the Settlement Administrator will be tendered to the California State Controller's Office - Unclaimed Property Fund, to be held in the name of the Aggrieved Employee.

39. <u>Settled Claims</u>. Upon the Funding Date, Plaintiffs and all Aggrieved Employees will be forever barred from pursuing against Defendants any and all Settled Claims that arose during the Settlement Period. Aggrieved Employees, other than Plaintiffs, will not be deemed to have released any individual wage and hour claims by virtue of this Settlement.

40. <u>No Right to Exclusion or Objections by Representative Action Members</u>. Because this settlement resolves claims and actions brought pursuant to PAGA by Plaintiffs acting as proxies and as Private Attorneys General of, and for, the State of California and the LWDA, the Parties agree that no Aggrieved Employee has the right to exclude himself or herself from the Settlement. Aggrieved Employees will be bound by the terms of the Settlement Agreement, upon its approval by the Court, regardless of whether he or she cashes any payment received as a result of this Settlement. The Parties also agree that no Aggrieved Employee has the right to object to the terms of the Settlement Agreement.

41. <u>No Credit Toward Benefit Plans</u>. Payments to Aggrieved Employees as referenced herein will not be utilized to calculate any additional benefits under any benefit plans to which any

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Aggrieved Employee may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Aggrieved Employee may be entitled under any benefit plans.

42. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

43. Nullification of Settlement Agreement. In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their original respective positions.

44. Judgment and Continued Jurisdiction. After entry of the Order and Judgment, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

45. Entire Agreement. This Settlement Agreement constitutes the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

46. Amendment or Modification. This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties, and approved by the Court.

47. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect the implementation of the Settlement. If the Parties are unable to

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

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

49. California Law Governs. All terms of this Settlement Agreement will be governed by and interpreted according to the laws of the State of California.

50. Execution and Counterparts. This Settlement Agreement is subject only to the execution of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including electronic signatures (e.g., Docusign), facsimiles, and scanned copies of the signature pages, will be deemed to be one and the same instrument.

51. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived at this Settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

52. Stipulation To Representative Action for Settlement Purposes Only. The Parties agree to stipulate that the representative action is appropriate for purposes of the settlement only. If, for any reason, the Settlement is not approved, the stipulation will be void, and Defendants shall have the full opportunity to file any motion to challenge liability for the PAGA claims or to challenge the manageability of PAGA claims. The Parties further agree that the stipulation is not an admission or waiver by Defendants to challenge the propriety of the PAGA claims, including whether PAGA claims are appropriate for adjudication on a representative basis.

53. Plaintiffs' Counsel's Representation. Plaintiffs' Counsel agree and represent that they will not engage in any conduct to undermine the terms of the Agreement. The Parties agree that verifiable electronic signatures are sufficient. However, if the Court orders wet signatures, the Parties will follow the Court's Order.

54. DocuSign Or Scanned Signatures. Any party may sign and deliver this Agreement by

signing on the designated signature block and transmitting that signature page via DocuSign or as an imaged attachment. Any signature made and transmitted by DocuSign or as an imaged attachment for the purpose of executing this Agreement shall be deemed an original signature for purposes of this Agreement and shall be binding upon the party who transmits the signature page.

55. Waiver of Certain Appeals. The Parties agree to waive appeals; except, however, that Plaintiffs may appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court, and either party may appeal any court order that materially alters the Settlement's terms.

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

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

58. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

59. Interim Stay of Proceedings. The Parties agree to refrain from further litigation in the Actions, except such proceedings necessary to implement and to obtain approval of the terms of the Agreement. If the Settlement is not finally approved, the Parties agree that they will revert to their positions in the lawsuit prior to the time the Agreement was reached, and no terms set forth in this Agreement will be admissible in any future proceedings in this case or any other action.

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

61. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and

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conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

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

63. Construction. The determination of the terms and conditions of this Agreement has been by mutual agreement of the Parties. Each party participated jointly in the drafting of this Agreement, and the terms and conditions of this Agreement are not intended to be, and shall not be, construed against any party by virtue of draftsmanship.

64. No Initiated Publicity. Plaintiffs' Counsel shall not take any action or initiate to publicize, or cause to be publicized, directly or indirectly, the discussions resulting in or the existence of this Settlement or its terms, in any type of mass media, including, but not limited to, speeches, press conferences, press releases, interviews, television or radio broadcasts, blogs, websites, newspapers, Internet posting, Facebook, Instagram, Twitter or any other social media, or information furnished to legal news media, including but not limited to Bloomberg Law, Law 360, and the Daily Journal. Plaintiffs' Counsel shall not refer to Defendants by name (including, but not limited to, brand name) in its public marketing materials, law firm websites, or posting with any other organizations, such as the California Employment Lawyers Association ("CELA"). Plaintiffs' Counsel further agree and warrant that if they were contacted by media outlets regarding this case, they will simply state that the lawsuit exists and has been resolved. Nothing herein will restrict Plaintiffs' Counsel from including publicly available information regarding this settlement in future judicial submissions regarding Plaintiffs' Counsel's qualifications and experience or for purposes of seeking court approval of comparable settlements.

65. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this

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Settlement Agreement.

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

67. Denial of Liability. The Parties expressly recognize that the making of this agreement does not in any way constitute an admission or concession of wrongdoing on the part of Defendants. Defendants deny and continue to deny all of the allegations made by Plaintiffs in the Actions, and deny and continue to deny that they are liable or owes any damages, penalties or other compensation or remedies to anyone with respect to the alleged facts or claims asserted in the Actions. Defendants deny any liability or wrongdoing of any kind in connection with Plaintiffs' claims, and contend that, during all relevant times, they complied with all applicable California and federal law. Nonetheless, without admitting or conceding any liability or damages whatsoever, and without admitting that a representative action is appropriate except for settlement purposes alone, Defendants have agreed to settle the Actions on the terms and conditions set forth in this Agreement, to avoid the burden, expense, and uncertainty of continuing with litigation. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the pendency of the Actions, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. The Parties understand and agree that this Agreement and any exhibits thereto are settlement documents and shall be inadmissible for the purpose of showing liability against Defendants or the Released Parties. Notwithstanding the foregoing, this agreement may be used in any proceeding in the Court that has as its purpose the interpretation, implementation, or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

68. Papers To Be Filed With The Court. All papers to be filed with the Court by any Party in

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connection with this Agreement shall be submitted to the other parties at least three business days prior to filing. The other parties shall have no right to object to the papers unless they do not conform to the terms and conditions of this Agreement.

THIS SECTION LEFT BLANK

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READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 3/28/2026

Signed by:
8F23A6FB5D67410...
Higinio Alvarez

PLAINTIFF

Dated: ____________________

____
Daniela Hernandez-Ayala

PLAINTIFF

Dated: ____________________

____
Stacey Velazquez

DEFENDANTS

Dated: ____________________

____
Name of Authorized Signatory
CEC Entertainment, LLC and CEC Entertainment, Inc.

ATTORNEYS FOR DEFENDANTS

Dated: ____________________

____
Seyfarth Shaw LLP

ATTORNEYS FOR PLAINTIFF HIGINIO ALVAREZ AND DANIELA HERNANDEZ-AYALA

Dated: ____________________

____
Capstone Law APC

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: ______________________

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Higinio Alvarez

PLAINTIFF

Dated: 3/27/2026

DocuSigned by:
D. H
F93902CBC7C94D4...
Daniela Hernandez-Ayala

PLAINTIFF

Dated: ______________________

____
Stacey Velazquez

DEFENDANTS

Dated: ______________________

____
Name of Authorized Signatory
CEC Entertainment, LLC and CEC Entertainment, Inc.

ATTORNEYS FOR DEFENDANTS

Dated: ______________________

____
Seyfarth Shaw LLP

ATTORNEYS FOR PLAINTIFF HIGINIO ALVAREZ AND DANIELA HERNANDEZ-AYALA

Dated: 3/27/2026

____
Capstone Law APC

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: ____________________

____
Higinio Alvarez

PLAINTIFF

Dated: ____________________

____
Daniela Hernandez-Ayala

PLAINTIFF

Signed by:
B7BAE95BF63B411...

Dated: April 7, 2026

____
Stacey Velazquez

DEFENDANTS

David A. Deck

Dated: 3/24/2026

____
Name of Authorized Signatory David A. Deck
CEC Entertainment, LLC and CEC Entertainment, Inc.

APPROVED AS TO FORM ONLY

ATTORNEYS FOR DEFENDANTS

Dated: March 24, 2026

____
Seyfarth Shaw LLP

APPROVED AS TO FORM ONLY

ATTORNEYS FOR PLAINTIFF HIGINIO ALVAREZ AND DANIELA HERNANDEZ-AYALA

Dated: ____________________

____
Capstone Law APC

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APPROVED AS TO FORM ONLY

Dated: April 7, 2026

ATTORNEYS FOR PLAINTIFF STACEY VELAZQUEZ

Signed by:

Vincent C. Granberry

78C090D94AF8405...

Lavi & Ebrahimian, LLP

Exhibit A

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>
<<ADDRESS 1>>
<<ADDRESS 2>>

Re: Payment From *Alvarez v. CEC Entertainment, LLC*, No. 23CV409445 (Santa Clara County Superior Court)

Dear <<FIRST_NAME>> <<LAST_NAME>>:

CEC Entertainment LLC has entered into a compromise and settlement of the lawsuit entitled *Alvarez et al. v. CEC Entertainment LLC*, No. 23CV409445 (Santa Clara County Superior Court) (the “Action”) in connection with claims brought under the Private Attorneys General Act. As part of this compromise and settlement, the Court has ordered the enclosed settlement check.

If you have any questions, please contact the court-approved administrator, <<NAME OF ADMINISTRATOR>>, using the information below.

<<Name of Administrator>>
<<Address>>
<<City>><<State>><<Zip>>
Tel: (___) ___-____
Email: ____________