

5/26/2026 4:23:41 PM

Clerk of the Superior Court
By T. Automation , Deputy Clerk

John G. Yslas (SBN 187324)
john.yslas@wilshirelawfirm.com
Eugene Zinovyev (SBN 267245)
eugene.zinovyev@wilshirelawfirm.com
John Brown (SBN 233605)
john.brown@wilshirelawfirm.com
Gabriella Solé (SBN 346164)
gabriella.sole@wilshirelawfirm.com
Emily K. Borman (SBN 303180)
emily.borman@wilshirelawfirm.com
Courtney M. Miller (SBN 327850)
courtney.miller@wilshirelawfirm.com
WILSHIRE LAW FIRM, PLC
660 S. Figueroa Street, Sky Lobby
Los Angeles, California 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

RONALD KRENZEL, III, individually, and on
behalf of all others similarly situated,

Plaintiff,

v.

CONTINENTAL TIDE DEFENSE SYSTEMS,
INC., a Pennsylvania corporation; and DOES 1
through 10, inclusive,

Defendants.

Case No.: 37-2024-00020272-CU-OE-CTL

[Related Case No. 24CL001677C]

*[Assigned for All Purposes to the Hon.
Carolyn M. Caietti, Dept. C-70]*

**DECLARATION OF JOHN G. YSLAS IN
SUPPORT OF PLAINTIFF'S MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION AND PAGA
SETTLEMENT**

Preliminary Approval Hearing:

Date: July 31, 2026

Time: 10:30 a.m.

Dept: C-70

Action Filed: April 30, 2024

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

1. I am an attorney at law licensed to practice before all of the courts of the State of California. I am a senior partner at Wilshire Law Firm, PLC (“WLF”), counsel for Plaintiff Ronald Krenzel, III (hereinafter “Plaintiff”) in this matter. I am thoroughly familiar with and have personal knowledge of all the facts set forth herein.
2. I submit this Declaration in support of Plaintiff’s Motion for Preliminary Approval of Class Action and PAGA Settlement.

3. On April 30, 2024, Plaintiff filed this putative class action against Defendant alleging: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; (8) failure to produce requested employment records; and (9) unfair business practices (“Class Action”).

5. Therefore, on July 17, 2024, Plaintiff filed a separate representative action against Defendant for civil penalties under PAGA in the Superior Court of California, County of San Diego, Case No. 24CL001677C (“PAGA Action”). On or about November 1, 2024, the Court deemed the Class Action and PAGA Action related.

6. On July 29, 2025, the Parties participated in a private full-day mediation with mediator Katherine Edwards, Esq. The negotiations were adversarial, conducted at arm's length, and tempered by the efforts of both sides to serve the interests of their clients. The Parties accepted a mediator's proposal that day and agreed upon general settlement terms. The Parties memorialized

1 their agreement in a Memorandum of Understanding in August 2025.

2 7. The Parties negotiated the terms of the Settlement over the next several months, and
3 the Class Action and PAGA Settlement Agreement (“Settlement Agreement”) was fully executed
4 in December 2025. A true and correct copy of the fully executed Class Action and PAGA
5 Settlement Agreement (“Settlement Agreement”) is attached hereto as **Exhibit 2**. Attached thereto
6 as **Exhibit A** is a true and correct copy of the Parties’ proposed Class Notice.

7 8. On April 28, 2026, Plaintiff submitted a copy of the Settlement Agreement to the
8 LWDA. A true and correct copy of the confirmation of submission my office received after
9 submitting the Settlement Agreement to the LWDA is attached hereto as **Exhibit 3**.

10 **Investigation and Exposure Analysis**

11 9. Prior to attending mediation, Plaintiff’s Counsel thoroughly investigated the claims,
12 applicable law, and potential defenses. Plaintiff’s Counsel assessed the value of the class claims
13 using the data and documents Defendant produced in informal discovery. The data and documents
14 produced by Defendant included the number of Class Members and Aggrieved Employees, the
15 number of workweeks in the Class Period, and the number of pay periods in the PAGA Period, the
16 average rate of pay, documents concerning Plaintiff, Defendant’s written wage-and-hour policies,
17 Defendant’s employee handbook and other company policies, and a sampling of Class Members’
18 time and payroll records. Plaintiff’s Counsel engaged an expert consultant to quantify the potential
19 exposure using the time and payroll records, and then assessed the risks associated with each claim
20 meriting reductions in the likely success at class certification and likely recovery at trial.

21 10. Defendant’s records show there are approximately 113 Class Members, making
22 joinder of all Class Members impracticable. Further, given the size and amount of each Class
23 Members’ claim, Class Members have little incentive to litigate their claims on an individual basis
24 because the out-of-pocket expenses and personal commitment necessary to litigate each claim
25 likely outweigh any potential recovery.

26 11. Plaintiff has alleged that Defendant maintained common employment policies
27 and/or practices that unlawfully deprived Class Members of wages, meal periods, rest periods,
28 reimbursements for business expenses, accurate wage statements, timely payment of wages upon

1 separation of employment, and timely production of employment records. These allegations
2 present common factual and legal questions of, inter alia, whether Defendant applied the same
3 scheduling, timekeeping, pay, meal period, rest period, reimbursement, and employment record
4 production policies to all Class Members, whether these policies and practices resulted in Labor
5 Code violations, whether Defendant's conduct was intentional, and whether Class Members are
6 entitled to damages and/or penalties. These common questions could be resolved using Class
7 Members' time records, payroll records, testimony from Defendant's designated representative(s),
8 and Class Members' testimony.

9 12. Although the exposure Plaintiff's Counsel calculated is substantial, the various risks
10 at succeeding at class certification and through trial affected the valuation of the claims for
11 settlement purposes. Based on an analysis of the facts and legal contentions in this case, documents
12 and information from Defendant, Plaintiff's Counsel evaluated Defendant's maximum exposure.
13 Plaintiff's Counsel took into account the risk of not having the claims certified and the risk of not
14 having prevailed at trial, even if the claims are certified. After using the data Defendant provided,
15 including class member timekeeping and payroll records, as well as class member demographics,
16 with the assistance of a statistics expert, Plaintiff's Counsel created a damages model to evaluate
17 the realistic range of potential recovery for the class.

18 13. Minimum and Overtime Wages: Plaintiff's unpaid minimum and overtime wage
19 claims were based on the allegation that Defendant required Class Members to perform work
20 duties while off the clock, without compensation. For example, Plaintiff alleged that Defendant
21 regularly required him and other Class Members to work off-the-clock after their 8-hour shift
22 but refused to pay them any compensation beyond eight (8) hours in a workday. Based on these
23 allegations, Plaintiff's Counsel conservatively estimated that Class Members worked one (1)
24 hour off the clock per week in calculating potential exposure for these claims to be
25 approximately \$454,281.95 (11,041 workweeks x \$27.43 average hourly rate of pay x 1.00
26 hour/workweek x 1.5 overtime rate of pay). Because this claim would have relied heavily on
27 Class Member testimony and would not be evidenced in Defendant's time and payroll records,
28 the risk of succeeding at class certification was substantial. Accordingly, Plaintiff's Counsel

1 applied a risk discount based on a 40% chance of succeeding at class certification and a 40%
2 chance of succeeding at trial on the merits, yielding a realistic damage estimate of approximately
3 \$72,685.11 ($\$454,281.95 \times 40\% \times 40\%$).

4 14. Meal Periods: Plaintiff's meal period claim was based on the allegation that
5 Defendant failed to provide Class Members with legally compliant meal periods or pay meal
6 period premiums in lieu thereof. For example, Plaintiff alleged that Defendant failed to include
7 any meal period policies in its employee handbooks and failed to provide any guidance to Class
8 Members regarding the compliant meal periods to which they were entitled. Moreover, Plaintiff
9 alleged that Defendant did not even have a policy or practice of recording Class Members' meal
10 periods. Based on these allegations, Plaintiff's Counsel applied a 100% meal period violation
11 rate to all shifts. Therefore, potential liability for the meal period claims is approximately
12 \$1,395,364.10 (50,870 estimated shifts x \$27.43 hourly rate x 100% violation rate). Plaintiff's
13 Counsel applied a risk discount based on a 50% chance of succeeding at class certification and
14 a 40% chance of succeeding at trial on the merits, yielding a realistic damage estimate of
15 approximately \$279,072.82 ($\$1,395,364.10 \times 50\% \times 40\%$).

16 15. Rest Periods: Plaintiff's rest period claim was based on the allegation that
17 Defendant failed to provide Class Members with legally compliant rest periods or pay rest
18 period premiums in lieu thereof. For example, Plaintiff alleged that Defendant failed to include
19 any rest period policies in its employee handbooks and failed to provide any guidance to Class
20 Members regarding the compliant rest periods to which they were entitled. Based on these
21 allegations, Plaintiff's Counsel applied a 100% violation rate to all shifts. Therefore, potential
22 liability for the rest period claims is approximately \$1,395,364.10 (50,870 estimated shifts x
23 \$27.43 hourly rate x 100% violation rate). However, Plaintiff's Counsel discounted this figure
24 to account for the difficulty of certifying and proving rest period claims, particularly because
25 rest periods do not have to be recorded, and to account for the possibility of Class Members
26 voluntarily choosing to forego a rest period. Because this claim would have relied exclusively
27 on Class Member testimony, Plaintiff's Counsel discounted this claim based on a 30% chance
28 of succeeding at class certification and a 20% chance of succeeding at trial, yielding a realistic

1 damage estimate of approximately \$83,721.85 ($\$1,395,364.10 \times 30\% \times 20\%$).

2 16. Reimbursements: Plaintiff's reimbursement claim was based on the allegation
3 that Defendant failed to indemnify Class Members for expenses incurred as a direct result of
4 performing their job duties for Defendant. For example, Plaintiff alleged that Defendant failed
5 to reimburse him and other Class Members for mandatory use of their personal cell phones for
6 work-related communications. For purposes of calculating Defendant's liability based on a best-
7 case scenario for Plaintiff and the Class, Plaintiff's Counsel estimated that Defendant was liable
8 to each class member for \$10.00 per workweek in unreimbursed expenses, for a total amount of
9 approximately \$110,410.00 ($\$10.00 \times 11,041$ workweeks). Plaintiff's Counsel discounted this
10 figure based on an evaluation of a 30% chance of succeeding at class certification and a 30%
11 chance of succeeding at trial to account for the difficulty of certifying and proving expense
12 reimbursement claims, yielding a realistic damage estimate of approximately \$9,936.90
13 ($\$110,410.00 \times 30\% \times 30\%$).

14 17. In sum, Plaintiff's Counsel estimated that Plaintiff's maximum recovery for the
15 off-the-clock claim, meal period violations, and rest period violations (i.e., the wage claims) is
16 approximately \$3.25 million, but after factoring in the risk and uncertainty of certification and
17 prevailing at trial, Plaintiff's Counsel estimates that Plaintiff's realistic estimated recovery for
18 these non-penalty wage claims is approximately \$435,479.78.

19 18. Derivative Penalties: Plaintiff alleged that as a result of Defendant's failure to
20 pay all wages owed, Defendant owed waiting time penalties and wage statement penalties. With
21 respect to Plaintiff's derivative claims for statutory penalties, Plaintiff's Counsel estimated that
22 Defendant's realistic potential liability is approximately \$34,235.54. Defendant's maximum
23 potential liability for waiting time penalties is approximately \$375,242.40 (57 employees x
24 \$27.43 hourly rate x 8.00 hours/day x 30 days) based on approximately 57 formerly employed
25 class members during the 3-year statute of limitations period and an average shift length of 8.00
26 hours. Defendant's maximum potential liability for inaccurate wage statements is approximately
27 \$375,242.40 ([71 employees x 1 initial violation/employee x \$50 for an initial violation] +
28 [(1,989 pay periods - 71 initial violations) x \$100 for each subsequent violation]) based on

1 approximately 71 class members who worked during the 1-year statute of limitations period and
2 approximately 1,989 pay periods in that statutory timeframe. In light of the foregoing, Plaintiff's
3 Counsel believes that it would be unrealistic to expect the Court to award the full \$570,592.40
4 in statutory penalties given Defendant's defenses, the contested nature of Plaintiff's claims, the
5 challenges of establishing willfulness as applicable, and the discretionary nature of penalties.
6 Considering that the underlying wage claims are realistically estimated to be approximately
7 \$435,479.78, such a disproportionate award would also raise due process concerns. As such,
8 Plaintiff's counsel discounted these figures to account for the risk and uncertainty of obtaining
9 class certification and prevailing at trial, resulting in a realistic evaluation of approximately
10 \$22,514.54 for waiting time penalty claims ($\$375,242.40 \times 30\% \times 20\%$), and approximately
11 \$22,514.54 for wage statement penalty claims ($\$375,242.40 \times 30\% \times 20\%$), or approximately
12 \$34,235.54 total for statutory penalties.

13 19. PAGA: For the PAGA claim, Plaintiff's Counsel determined that Defendant's
14 potential exposure could potentially reach \$198,900.00, assuming the initial \$100 penalty would
15 apply for each of the 1,989 pay periods in the PAGA Period. However, even assuming success
16 on the merits of each claim, PAGA gives the Court discretion to reduce penalties for a variety
17 of reasons, including where to do otherwise would result in an award that is unjust, arbitrary
18 and oppressive, or confiscatory. As such, Plaintiff's counsel discounted this figure to account
19 for the risk and uncertainty of prevailing at trial, resulting in a realistic evaluation of
20 approximately \$19,890.00 for PAGA penalties ($\$198,900.00 \times 10\%$). The settlement allocates
21 \$30,000.00 of the Gross Settlement Amount to PAGA, therefore the PAGA allocation amounts
22 to 4.5% of the Gross Settlement Amount and approximately 151% of the realistic maximum
23 damages for PAGA penalties ($\$30,000.00 / \$1,989.00$).

24 20. Using these estimated figures, Plaintiff's Counsel predicted that the realistic
25 maximum recovery for all claims, including penalties, would be approximately \$499,542.22.
26 This means that the gross settlement figure represents approximately 132% of the realistic
27 maximum recovery ($\$660,000.00 / \$499,542.22$). Considering the risk and uncertainty of
28 prevailing at class certification and at trial, this is an excellent result for the Class. Indeed,

1 because of the proposed Settlement, Class Members will receive timely, guaranteed relief and
2 will avoid the risk of an unfavorable judgment.

3 21. Based on the figures in the Settlement Agreement, the Net Settlement Amount
4 available for class settlement payments is currently estimated to be \$375,250.00 for
5 approximately 113 Class Members. As a result, each Settlement Class Member would be eligible
6 to receive an average net benefit of approximately \$3,320.80. Based on the estimated Net
7 Settlement Amount available for individual class payments and there being approximately
8 11,041 workweeks in the Class Period, the estimated weekly valuation for individual class
9 payments is \$33.99 (\$375,250.00 / 11,041 workweeks).

10 **Plaintiff's Counsel's Qualifications**

11 22. Plaintiff is represented by WLF. The attorneys at WLF performed significant work
12 and expended litigation costs in prosecuting this matter with no guarantee of payment.

13 23. WLF was selected by Best Lawyers and U.S. News & World Report as one of the
14 nation's Best Law Firms since 2020 and is comprised of more than 100 attorneys and over 600
15 employees. WLF is actively and continuously practicing in employment litigation, representing
16 employees in both individual and class actions in both state and federal courts throughout
17 California.

18 24. WLF is qualified to handle this litigation because its attorneys are experienced in
19 litigating Labor Code violations in individual, class action, and representative action cases. WLF
20 has handled, and is currently handling, numerous wage and hour class action lawsuits, as well as
21 class actions involving consumer rights and data privacy litigation.

22 25. I graduated from the University of California, Santa Barbara with High Honors in
23 1991 with Bachelor of Arts degrees in Psychology. I received my Juris Doctor from UCLA Law
24 School in 1996.

25 26. Upon graduating from law school in 1996, I worked for a boutique law firm
26 practicing general litigation which included employment law matters. Since 2000 (that is, the last
27 25 years) my practice has been exclusively focused on labor and employment matters including
28 handling wage and hour class, collective and representative actions (including the California

1 Private Attorneys General Act, or “PAGA”), including in the international law firms of Morgan,
2 Lewis & Bockius LLP (where I was a senior associate), Foley & Lardner LLP (where I was a
3 partner and a national Vice Chair of the Labor and Employment Group), Norton Rose Fulbright
4 LLP (where I was a partner) and Seyfarth Shaw LLP (where I was a partner and member of the
5 Wage and Hour Practice Group). During my time at these law firms, I was the primary attorney or
6 took a major leading role in defending employers on numerous wage and hour class, collective and
7 representative actions.

8 27. In late June 2022 I left Seyfarth Shaw LLP and joined my current firm, Wilshire
9 Law Firm, PLC, to represent plaintiff employees. I have been and am handling many wage and
10 hour class and representative actions litigating such matters on behalf of plaintiff employees in
11 numerous Superior Courts and District Courts. From matters representing both plaintiffs and
12 defendants, I have successfully mediated the resolution of many wage and hour class, collective,
13 and representative actions. Just since starting to settle cases in late April 2023 I have already
14 successfully mediated matters in which I have been counsel or co-counsel resulting in **well over**
15 **\$250 million** in settlements and verdicts which are in the process of being finalized, and with
16 numerous upcoming mediations scheduled. In those, and numerous other matters, I have managed
17 and assisted with the litigation and settlement of many wage and hour PAGA and class actions. In
18 those actions, I performed similar tasks as those performed in the course of prosecuting this action.
19 Indeed, I recently tried and prevailed in achieving a jury verdict in a wage and hour class action in
20 the matter of *Aguilar-Flores v. Javier’s – CC LLC*, Los Angeles County Superior Court, Case No.
21 19STCV36438 (settled after verdict).

22 28. I have received numerous awards for my legal work. For example, from 2015 to
23 2018, I was listed in Los Angeles Super Lawyers for Employment Litigation (Thomson Reuters).
24 I have also served on numerous prominent boards and in other leadership positions, including
25 serving as Southern California Regional President for the Hispanic National Bar Association and
26 on the board of directors of the Mexican American Bar Foundation. I also previously served on the
27 5-member Los Angeles Civil Service Commission, which generally oversees the personnel
28 decisions for the City of Los Angeles.

1 29. I have also published numerous blogs on labor and employment issues including on
2 wage and hour issues. For example, I published “Headline News: Wal-Mart v. Dukes-Impact on
3 Class Action Litigation” (while a partner with Foley & Lardner LLP) and “Are You Really
4 Protected From Wage-and-Hour Successor Liability in an Asset Purchase” (while a partner with
5 Seyfarth Shaw LLP). I have also been a presenter at numerous conferences, including being a
6 presenter involving the “Employment Law Update” at a National Employment Law Council
7 conference.

8 30. Eugene Zinovyev (“Mr. Zinovyev”) is a Junior Partner at WLF. He graduated from
9 the University of California, Berkeley, with a Bachelor of Arts in Political Economy of Industrial
10 Societies, and received his Juris Doctor from the University of California, San Francisco School
11 of Law in 2009. He has since practiced employment and wage and hour law on both the plaintiff
12 and defense sides. Mr. Zinovyev has tried multiple jury cases to verdict as well as numerous bench
13 trials. He has also briefed published appellate court decisions in both state and federal court. Mr.
14 Zinovyev is admitted to practice before all Federal District Courts in California as well as the 9th
15 Circuit Court of Appeals. He is also a member of the California Employment Lawyers Association.
16 He has mediated and settled dozens of class and representative actions as well as individual civil
17 matters.

18 31. John Brown (“Mr. Brown”) is an Associate Attorney at WLF. He was admitted to
19 practice law in the State of California in 2004. Mr. Brown graduated from UC Berkeley with a
20 Bachelor of Arts and received his Juris Doctor from The UCLA School of Law. His current practice
21 has been focused on class action employment law. Mr. Brown has participated in dozens of
22 settlements totaling tens of millions of dollars, from the memorandum of understanding and
23 settlement agreement drafting stage through to final approvals from the court.

24 32. Gabriella Solé (“Ms. Solé”) is a third-year Associate Attorney at WLF. She was
25 admitted to practice law in the State of California in 2022. Gabriella graduated from University of
26 California, Los Angeles, with a Bachelor of Arts in Sociology. She received her Juris Doctor from
27 University of San Francisco, School of Law. During law school, she was a First Year Moot Court
28 Director on the Moot Court Board. Since graduating, her practice has been mainly focused on wage

1 and hour class action litigation.

2 33. Courtney M. Miller (“Ms. Miller”) is a Settlement Attorney at WLF. She was
3 admitted to practice law in the State of California in 2019. Ms. Miller graduated from the
4 University of California, Santa Cruz, with a Bachelor of Arts in Sociology. Prior to becoming an
5 attorney, Ms. Miller worked at a boutique civil litigation firm for nearly a decade, primarily
6 handling employment matters. She earned her Juris Doctor from Southwestern Law School in
7 2019. Ms. Miller has prosecuted wage and hour class and PAGA actions, almost exclusively, since
8 2020. As a handling attorney, Ms. Miller obtained over \$30 million dollars in settlements on behalf
9 of California employees.

10 **No Conflicts**

11 34. WLF has no actual or potential conflicts of interest with Class Members or the
12 proposed Administrator, Apex Class Action.

13 35. WLF is not aware of any other pending matter or action against Defendant asserting
14 claims that will be extinguished or adversely affected by this Settlement.

15 36. I do not have any interest with the proposed cy pres recipient named in the
16 Settlement Agreement, University of San Diego Children’s Advocacy Institute, or its governance.

17 **Administrator**

18 37. Plaintiff’s Counsel sought bids from three (3) administrators to administer this
19 Settlement. The Parties selected the bid with the lowest cost, which was from Apex Class Action.
20 A true and correct copy of the will-not-exceed bid from Apex Class Action to administer this
21 Settlement is attached hereto as **Exhibit 4**.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

38. Prior to filing this Motion, Plaintiff requested that Defendant confirm whether the escalator clause was triggered, and if so, to advise of its election. Defendant responded that the escalator clause was not triggered.

Executed on May 26, 2026 at Los Angeles, California.

John G. Yslas

EXHIBIT 1

WILSHIRE LAW FIRM, PLC

3055 Wilshire Blvd, 12th Floor
Los Angeles, CA 90010
Tel: (213) 381-9988
Fax: (213) 381-9989
www.wilshirelawfirm.com



Bobby Saadian, Esq. JD/MBA

Colin M. Jones, Esq.	Wesley Shelton, Esq.
Justin F. Marquez, Esq.	Jennifer Leinbach, Esq.
John Yslas, Esq.	Jeffrey Bils, Esq.
Jon Teller, Esq.	Nathan Kingery, Esq.
Tae Kim, Esq.	Elizabeth Votra, Esq.
Daniel DeSantis, Esq.	Benjamin Haber, Esq.
Jennifer P. Burkes, Esq.	Ghazaleh Attaran, Esq.
Mary Caruso, Esq.	Adam Sherman, Esq.
Nicol Hajjar, Esq.	Jesenia Martinez, Esq.
Stephanie Mazepa, Esq.	Arrash Fattahi, Esq.
Thiago Coelho, Esq.	Jesse Chen, Esq.
Cameron Stewart, Esq.	Arsine Grigoryan, Esq.
Shahin Rezvan, Esq.	Diego Aviles, Esq.

May 13, 2024

LWDA
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(Via Online Submission)

Continental Tide Defense Systems Inc.
2 Meridian Blvd., Ste. 110
Wyomissing, PA 19610
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6621 6009 46

Continental Tide Defense Systems, Inc.
1675 Harding Ave.
National City, CA 91950
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6621 6009 39

Keith Reidinger
Agent for Service of Process
Continental Tide Defense Systems Inc.
1457 Miller Store Rd., Ste. 104
Virginia Beach, VA 23455
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6621 6009 53

Re: ***Ronald Krenzel III v. Continental Tide Defense Systems, Inc.***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Ronald Krenzel III ("Mr. Krenzel" or "Employee") to pursue a Labor Code Private Attorneys General Act of 2004 ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against Employee's former employers, Continental Tide Defense Systems, Inc. ("CTDS" or "Employers"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Employers engaged in with respect to Employee and potentially all of Employers' Aggrieved Employees.

Mr. Krenzel wishes to pursue this action on behalf of Employees as Aggrieved Employees, on behalf of the State of California, as well as on behalf of potentially all other persons who worked for CTDS in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

Employee and the Aggrieved Employees, or some of them, suffered the Labor Code violations described below.

Mr. Krenzel's Employment with CTDS

CTDS provides programmatic, engineering, and technical services to U.S. NAVY, U.S. Coast Guard, Military Sealift Command, and other DoD organizations. Employee worked as a safety

quality specialist. Employee's primary job function was to conduct daily safety and quality assurance surveillances on active contracts and complete safety documentation and reports. In performing Employee's duties, Employee was regularly required to perform work (off-the-clock), without compensation. Employee was also frequently deprived of an opportunity to take legally compliant meal and rest breaks. Employers failed to provide Employee and other Aggrieved Employees with the meal and rest break premiums as required by the Labor Code. Additionally, Employee necessarily incurred business-related expenses, including, but not limited to, personal protective equipment, cell phone expenses, and mileage, but Employers failed to reimburse such business-related expenses. These are just non-exhaustive examples of the facts and theories the Employee asserts, which are described in more detail below.

Employers own/owned and operate/operated an industry, business, and establishment within the State of California. As such and based upon all the facts and circumstances incident to Employers' business in California, Employers are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Mr. Krenzel is a resident of San Diego, California who worked for Employers in San Diego County, California as an hourly-paid, non-exempt employee from approximately August 2023 to approximately November 2023.

During Employee's employment for Employers, Employers paid Employee an hourly wage and classified Employee as non-exempt from overtime. Employers typically scheduled Employee to work at least five days in a workweek and at least eight hours per day, but Employee also worked more than eight hours in a workday and more than forty (40) hours in a workweek.

Throughout Employee's employment, Employers failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Employee with legally compliant meal periods, failed to authorize and permit Employee to take rest periods, failed to timely pay all final wages to Employee when Employers terminated Employee's employment, failed to furnish accurate wage statements to Employee, failed to indemnify Employee for business expenditures, and failed to timely produce Employee's requested employment records. As discussed below, Employee's experience working for Employers was typical and illustrative.

Failure to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Employers failed to pay Employee and the Aggrieved Employees, or some of them, for all hours worked, including minimum, straight time, and overtime wages.

Employers at time required Employee and the Aggrieved Employees, or some of them, to work “off-the-clock,” uncompensated, by, for example, requiring Employee and the Aggrieved Employees to perform work during uncompensated meal periods and rest periods, and requiring Employee and the Aggrieved Employees to perform work before clocking in and/or after clocking out. Some of this unpaid work should have been paid at the overtime rate. California Labor Code § 510 requires that employers compensate employees 1.5 times their regular rate of pay when employees work over eight hours per day, 40 hours per week, or when employees work up to eight hours on any seventh day of a workweek. Employers failed to properly calculate Employee’s regular rate of pay when paying overtime, by failing to include all compensation in Employee’s overtime calculations. In failing to pay for all hours worked, Employers also failed to maintain accurate records of the hours Employee and the Aggrieved Employees, or some of them, worked.

Throughout the statutory period, Employers also engaged in a practice of improper rounding. Under *Camp v. Home Depot U.S.A., Inc.* (2022) 84 Cal.App.5th 638, because Employers could and did track the exact time in minutes that Employee worked, they must pay for all time worked. When an employer uses an electronic timekeeping system to record time worked, this ability to “precisely capture time worked” means that “the employer must pay the employee for that worktime when due.” (*Id.* at 671.) As a result of Employers’ rounding policy, Employee consistently was not compensated at least minimum wage for all hours that Employee worked.

As a result, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Employers at times wrongfully failed to provide Employee and the Aggrieved Employees, or some of them, with their legally mandated 30-minute, uninterrupted, and duty-free meal period in a manner required by law (and also including but not limited to failing at times to provide Plaintiff, the Class, and the Aggrieved Employees, or some of them, the opportunity to leave the work premises to take meal periods). Employers also continued to assert control over Employee and the Aggrieved Employees, or some of them, by, among other things, requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Employee and the Aggrieved Employees, or some of them, permission to take a meal period under the conditions required by law, and without properly compensating Employee and the Aggrieved Employees, or some of them, for meal periods that were not provided as required by law. Employers also did not inform Employee of Employee’s right to, nor permitted Employee to take, all of Employee’s second meal periods when Employee worked at least ten hours of work in a workday and otherwise unlawfully pressured Employee to waive such breaks. Accordingly, Employers at times failed to provide meal periods to Employee and the Aggrieved Employees, or some of them, in compliance with California law.

///

Employee and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s). Employers, however, at times failed to pay Employee and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for meal periods that were not provided.

As a result, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e., more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Throughout the statutory period, Employers at times have wrongfully failed to authorize and permit Employee and the Aggrieved Employees, or some of them, to take legally compliant rest periods in a manner required by law (and also including but not limited to failing, at times, to authorize and permit Plaintiff, the Class, and the Aggrieved Employees, or some of them, the opportunity to leave the work premises to take rest periods). Employers at times required Employee and the Aggrieved Employees, or some of them, to work in excess of four consecutive hours a day without Employers' authorizing and permitting Employee to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Employee and the Aggrieved Employees, or some of them, for rest periods that were not authorized or permitted.

Instead, Employers at times continued to assert control over Employee and the Aggrieved Employees, or some of them, by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or at times by denying Employee and the Aggrieved Employees, or some of them, permission to take a rest period. Accordingly, Employers at times failed to authorize and permit Employee and the Aggrieved Employees, or some of them, to take rest periods in compliance with California law. Employee and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Employers, however, at times failed to pay Employee and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for rest periods that they were not authorized and permitted to take.

As a result, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Pay All Earned Wages Twice Per Month

Based on Employers' failure at times to pay Employee and the Aggrieved Employees, or some of them, for all wages as discussed above, Employers also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were

entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, at times, Employers failed and refused to pay the Employee all wages due, and failed to pay those wages twice a month, in that Employee was not paid all wages for all meal periods not provided by Employers, all wages for all rest periods not authorized and permitted by Employers, and all wages for all hours worked. As a result, Employers owe Employee the legally required wages for unpaid wages, and Employee and the Aggrieved Employees, or some of them, suffered damages in those amounts.

Moreover, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Employee seeks penalties under California Labor Code § 1174(d). Pursuant to California Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by California Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Employers, however, at times failed to maintain accurate records of hours worked and all meal periods taken or missed by Employee and the Aggrieved Employees, or some of them.

Employers' failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Employee and the Aggrieved Employees, or some of them, the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Employers' records. Therefore, Employee and the Aggrieved Employees, or some of them, had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Employers. As a direct result, Employee and the Aggrieved Employees, or some of them, have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorneys' fees in seeking to compel Employers to fully perform their obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Employers' knowing failure, at times, to comply with the California Labor Code and applicable IWC Wage Orders, Employee and the Aggrieved Employees, or some of them, have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting. Direct deposits of wages to an employee's bank, saving and loan, or credit union account that were previously authorized by the employee are immediately terminated when an employee quits or is discharged, and the payment of wages upon termination of employment in the manner described above shall apply unless the employee has voluntarily

authorized that deposit and provided that the employer complies with the provisions of Labor Code § 213(d) relating to the payment of wages upon termination or quitting of employment.

Within the applicable statute of limitations, the employment of Employee and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Employers at times failed, and continue at times to fail, to pay Employee and terminated Aggrieved Employees, or some of them, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Employers' employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal period premium wages, and missed rest period premium wages. Employers also violated, and continue to violate, Labor Code section 213(d) by paying final wages (if any are paid at all) via direct deposit without the employee's voluntary authorization.

Employers' conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Employee and the Aggrieved Employees, or some of them, are entitled to recover from Employers their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to thirty (30) days maximum pursuant to Labor Code § 203. Moreover, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination, and for unlawfully making any such payment (if any) via direct deposit without the employee's voluntary authorization.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: "An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney's fees." (Lab. Code § 226(e)(1).)

Throughout the statutory period, Employers at times failed to, and continue at times to fail, to timely furnish Employee and the Aggrieved Employees, or some of them, with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law).

Because Employers at times violated Labor Code § 226, Employee and similarly Aggrieved Employees, or some of them, suffered injury and damage to their statutorily protected rights. Accordingly, Employee and similarly Aggrieved Employees, or some of them, are entitled to recover from Employers the greater of their actual damages caused by Employers' failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars (\$4,000) per employee. Moreover, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 226.3 for failing to timely furnish accurate itemized wage statements.

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify their employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Employers at times wrongfully required Employee and the Aggrieved Employees, or some of them, to pay expenses that they incurred in direct discharge of their duties for Employers. Employee and the Aggrieved Employees, or some of them, at times paid out-of-pocket for necessary employment-related expenses. Employee and the Aggrieved Employees, or some of them, incurred substantial expenses as a direct result of performing their job duties for Employers, but Employers failed to indemnify Employee and the Aggrieved Employees, or some of them, for these employment-related expenses.

As a result, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Employee and the Aggrieved Employees, or some of them, for necessary business expenditures.

Failure to Produce Requested Employment Records

Labor Code § 226 provides that current and former employees have the right to inspect or receive a copy of their records pertaining to their employment, upon reasonable request to their employer. Under this statute, an employer that receives a request to inspect or receive a copy of records pertaining to a current or former employee must comply with the request as soon as practicable, but no later than twenty-one (21) calendar days from the date of the request. Labor Code § 1198.5(a) also provides that every current and former employee, or his or her representative, has the right to inspect and receive a copy of the personnel records that the employer maintains relating to the employees' performance or to any grievance concerning the employee. Under this statute, upon written request from a current or former employee or his or her representative, an employer must make the contents of those personnel records available for inspection or provide a copy of the personnel records to the current or former employee, or his or her representative, not later than thirty (30) calendar days from the date the employer receives the written request, subject to some limited exceptions. Labor Code § 432 provides that if an employee or applicant signs any instrument relating to the obtaining or holding of employment, he or she shall be given a copy of the instrument upon request.

On information and belief, Employee and the Aggrieved Employees, or some of them, submitted written request(s) to Employers for their payroll records, timecards, and personnel records but did not timely receive them as required by the Labor Code.

As a result, Employers are liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 226(f), 1198.5(k), and 2699 for failing to timely produce the requested records.

Recordkeeping Requirement Violations

California Labor Code section 1174 requires employers to keep “accurate and complete” payroll records showing, among other things, the hours worked daily by Employees and Aggrieved Employees. All applicable IWC Wage Orders, section 7 similarly requires employers to keep accurate time records reflecting the times during which all owed meal periods were provided each day.

Based on information and belief, Employers at times failed, and continue at times to fail, to keep accurate and complete payroll records as required by law, including but not limited to the following records: total daily hours worked, applicable rates of pay, time records showing when Employee and other Aggrieved Employees began and ended each work period, time records of meal periods, and accurate itemized wage statements.

Based on information and belief, Employers at times failed and continue at times to fail to keep accurate and complete records showing total hours worked by Employee and Aggrieved Employees, or some of them, by virtue of Employers’ time rounding and/or auto deduction policies and practices and/or other off-the-clock work policies and practices. Employers failed at times and continue at times to fail to keep accurate and complete records showing total hours worked by virtue of Employers’ failure to relieve Employee and Aggrieved Employees, or some of them, of all duties and Employers’ control for unpaid meal periods, resulting in unpaid hours worked.

Based on information and belief, Employers further failed at times, and continue at times to fail, to record the true start and end times of Employee’s and Aggrieved Employees’ meal periods, or some of them.

Based on further information and belief, Employers further failed at times and continue at times to fail, to record the true start and end times of Employee’s and Aggrieved Employees’ work shifts, or some of them.

Additionally, Employers at times failed, and continue at times to fail, to keep accurate records and issue accurate wage statements by not documenting accrued sick time for Employee and Aggrieved Employees, or some of them. Employers’ failure to keep “accurate and complete” payroll records for Employee and Aggrieved Employees, or some of them, violates Labor Code sections 1174, 1198, 1199, and all applicable IWC Wage Orders, section 7. These violations subject Employers to civil penalties under Labor Code sections 558.1, 226.6, 1174.5 and 2699. Each violation of each Labor Code section and Wage Order provision, for each Aggrieved Employee (or some of them), results in a separate civil penalty.¹

¹ See Lab. Code §2699(f)(2) (establishing that the civil penalty is “for each aggrieved employee per pay period”).

Violation of Wage Theft Protection Act of 2011

Based on information and belief, Employers failed at times, and continue at times to fail, to comply with the notice requirements of Labor Code section 2810.5 (i.e., the Wage Theft Protection Act of 2011) by, among other things, failing to provide Employee and Aggrieved Employees, or some of them, with the rates of pay and overtime rates of pay applicable to their employment, allowances claimed as part of the minimum wage, the regular payday designated by Employers, the name of the employer, including any “doing business as” names used, the name, address and telephone number of the workers’ compensation insurance carrier, information regarding paid sick leave, and other pertinent information required to be disclosed by Employers under Labor Code section 2810.5.

Employee is informed and believes that failure to provide such information, including rates of pay that are in effect, has permitted Employers to pay Aggrieved Employees, or some of them, at rates of pay that were not agreed upon and violate minimum wage and overtime wage laws in California. Employee is additionally informed and believes that the notice requirement of Labor Code section 2810.5 involves a mandatory payroll or workplace injury reporting. Among other relief, Aggrieved Employees, or some of them, may collect from Employers in connection with these violations’ civil penalties pursuant to Labor Code sections 558 and 2699.

Violation of California Labor Code §§ 245-248.5

Throughout the relevant time period, Employers at times failed to provide proper paid sick leave to Employee and other Aggrieved Employees, or some of them. Employers either failed at times to provide paid sick leave at all or improperly calculated the sick leave accrual and the sick leave rate of pay owed to Employee and other Aggrieved Employees, or some of them, by failing at times to base the accrued sick leave hours on the correct number of hours worked (as a result of the rounding/automatic deduction policies and practices for meal periods and/or shift start and end times/other required off-the-clock work including but not limited to unpaid meal periods that were restricted to Employers’ premises) and by failing at times to incorporate multiple rates of pay and/or all non-discretionary remuneration, including but not limited to, non-discretionary bonuses, shift differential pay and/or other non-discretionary compensation into the sick leave pay rate calculation.

Based on information and belief, Employers further failed at times to provide notice of the correct sick leave amount balance available to Employee and other Aggrieved Employees, or some of them, on their wage statements or other written statement.

Based on information and belief, Employers at times failed to put Aggrieved Employees, or some of them, on notice of their paid sick leave rights, thereby failing at times to put their entitlement to sick leave in a Labor Code section 2810.5 notice. In addition, Employers at times failed to maintain accurate records of used sick leave and the balance of paid sick leave left to the Aggrieved Employees, or some of them.

Based on information and belief, Employers at times failed to provide notice of sick leave amount balance left for Employee and other Aggrieved Employees, or some of them, thus affecting their intelligent exercise of their paid sick leave. But for this failure, Employee, and other Aggrieved Employees, or some of them, would have used their paid sick leave at least prior to their respective separations, for as on several occasions thereafter, he or she would have been entitled to use the banked sick leave and earn appropriate compensation.

This illegal retention of paid sick leave is unlawful, and Employee seeks all forms of injunctive relief, restitution, and declaratory relief as permitted by California law, on behalf of Employee and the Aggrieved Employees, or some of them.

In violation of Labor Code section 247.5, Employers at times failed to maintain records documenting the hours worked and paid sick days accrued and used by Employee and Aggrieved Employees, or some of them, permitting the presumption that Employee and these Aggrieved Employees, or some of them, were entitled to the maximum number of hours accruable under this article.

Upon information and belief, Employers at times further failed and continue at times to fail to comply with Labor Code section 246, by failing to provide Employee and Aggrieved Employees, or some of them, with a Labor Code section 226 wage statement, or separate writing containing the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, at the time it pays wages. Employers at times unlawfully retained and continue at times to retain paid sick leave that should have been paid but was not, as a result of Employers' failure, at times, to properly institute a paid sick leave program.

On information and belief, Employee alleges that these practices at times were experienced and continue to be experienced at times by other Aggrieved Employees, or some of them. Employee requests all appropriate relief under the PAGA and these statutes, including but not limited to the restitution of earned paid sick leave that could have been used, but was not due to Employers' sole failure to institute such a paid sick leave entitlement or paid sick leave bank as required by California law. Accordingly, Employee and other Aggrieved Employees, or some of them, are entitled to injunctive relief, attorneys' fees, declaratory relief, restitution, and penalties as permitted by law. Employee requests all relief pursuant to the aforementioned code provisions, including but not limited to Labor Code sections 233 and 234, which incorporates the paid sick leave requirements.

Failure To Provide Supplemental Paid Sick Leave

Labor Code section 248.2 provides that all employers with 26 or more employees are required to provide up to 80 hours for covered employees to take 2021 COVID-19 Supplemental Paid Sick Leave to care for themselves, to care for a family member or if it is vaccine-related. Based on information and belief, Employers at times violated Labor Code section 248.2 by not providing Aggrieved Employees, or some of them, with required 2021 COVID-19 Supplemental Paid Sick Leave.

Refusal to Make Payment

Labor Code section 216 declares unlawful an employer's refusal to pay wages due and payable and/or denial of the validity of any claim to wages due.

Employers at times violated and continue at times to violate Labor Code section 216 by failing to pay Employee and Aggrieved Employees, or some of them, for all hours worked at the proper wage rate and by failing to pay Employee and Aggrieved Employees, or some of them, an additional hour of pay for each meal and/or rest period not provided or that was invalid. *Gould v. Maryland Sound Industries, Inc.* (1995) 31 Cal.App.4th 1137, 1154-1155.

These violations subject Employers to civil penalties under Labor Code section 225.5. Each violation results in a separate civil penalty, for each Aggrieved Employee (or some of them) so

affected, for each pay period (or some of them) during which the statute's provisions were violated.²

Seating Violations

Per section 14(A-B) of all applicable IWC Wage Orders, employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats and when they are not actively engaged in the work duties that would not permit them to be seated.

All applicable IWC Wage Orders, Section 14(A-B) provides:

(A) All working employees shall be provided with suitable seats when the nature of the work reasonably permits the use of seats.

(B) When employees are not engaged in the active duties of their employment and the nature of the work requires standing, an adequate number of suitable seats shall be placed in reasonable proximity to the work area and employees shall be permitted to use such seats when it does not interfere with the performance of their duties.

Suitable seating is one of the worker protections covered by California's Wage Orders, which have the same dignity as statutes, are remedial in nature and are to be broadly construed to effectuate the goal of protecting the comfort and welfare of employees. *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004, 1027 (2012).

Based on information and belief, Employers at times failed to provide Aggrieved Employees, or some of them, with suitable seating, and when such employees, or some of them, were not engaged in duties which required them to stand, at times no seating was placed in reasonable proximity to their workstations.

Moreover, based on information and belief, the nature of the work reasonably permitted the use of seats for at least part of the time that Aggrieved Employees were working. Lastly, based on information and belief, Aggrieved Employees at times were not engaged in active duties of their employment, yet at times there were no suitable seats in reasonable proximity to the work area, and use of seats would not have interfered with the performance of their duties.

Employers' Aggrieved Employees worked in various positions. The nature of Employee's and other Aggrieved Employees' work, or some of them, reasonably permitted the use of seats. However, Employers at times failed to provide suitable seating in reasonable proximity to Aggrieved Employees' work areas, or some of them, in violation of section 14(A-B) of applicable Wage Orders, and Labor Code sections 1198 and 1199, subjecting Employers to civil penalties under Labor Code sections 1199 and 2699. Each violation of each Labor Code section and IWC Wage Order provision, for each Aggrieved Employee, or some of them, results in a separate civil penalty.³

² Labor Code § 225.5 (establishing that "[i]n addition to, and entirely independent and apart from, any other penalty provided in this article, every person who unlawfully withholds wages due any employee in violation of sections 212, 216, 221, 222, or 223 shall be subject to a civil penalty...for each failure to pay each employee") (emphasis added).

³ See Lab. Code §2699(f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Statutory Wage Violations

Labor Code section 223 makes it unlawful for an employer to secretly pay wages lower than required by statute while purporting to pay legal wages.

As described above, Employers at times willfully and systematically denied Employee and other Aggrieved Employees, or some of them, of minimum and overtime wage compensation for all hours worked which resulted in the payment of less than statutorily required wages owed to them. Employers at times acted with the intent to deprive some or all of them of statutory wages, including, but not limited to, overtime wages and minimum wages, to which they were entitled to under California law.

Thus, Employers at times paid Employee and other Aggrieved Employees, or some of them, lower wages than those to which they were entitled, while purporting that Employee and all Aggrieved Employees were properly paid. As such, Employee and Aggrieved Employees, or some of them, are entitled to recover penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code § 2699(f)-(g).

Failure to Pay Vested Vacation/Paid Time Off

California Labor Code section 227.3 provides that when an employer policy provides for paid vacations and/or paid time off, and an employee is terminated without having taken off his, her, or their vested vacation time, all vested vacation shall be paid to the employee as wages at the employee's final rate in accordance with such contract of employment or employer policy respecting eligibility or time served and that there shall be no forfeiture of vested vacation time or paid time off upon termination. Based on information and belief, Employers at times had and continue at times to have a policy and/or practice of failing to allow Aggrieved Employees, or some of them, and Exempt Aggrieved Employees, or some of them, to use their earned vacation/paid time off during their employment and failing at times to pay all vested, accrued paid time off to Aggrieved Employees, or some of them, and/or Exempt Aggrieved Employees, or some of them, upon separation of employment, in violation of California law, including but not limited to, Labor Code section 227.3.

Failure to Timely Provide Temporary Workers with Owed Wages

On information and belief, Employers at times had and have failed to provide temporary workers, or some of them, with owed wages weekly by not later than the regular payday of the following week. As a result, pursuant to Labor Code section 201.3, Employers would be liable for civil penalties pursuant to Labor Code sections 201.3.

Unlawful Agreements/ Unlawful Criminal History Inquiries

Unlawful Agreements

Labor Code section 432.5 provides that "no employer ... shall require any employee or applicant for employment to agree, in writing, to any term or condition which is known by such employer ... to be prohibited by law." Based on information and belief, Employers at times required Employee, Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to unlawful conditions of employment including but not limited to unlawful non-compete and/or non-solicitation agreements as well as unlawful criminal and/or financial checks as a condition of obtaining and/or continuing employment in violation of Labor Code section 432.5.

The California Labor Code places certain procedural and substantive limits on employers' ability to conduct employee background checks and on how employers can use the information they obtain through those background checks. Labor Code section 1024.5 states that employers, except for financial institutions, may order a credit check only if the individual works (or is applying to work) in certain positions (e.g., managerial positions, financially related positions, and certain government positions). Additionally, the Investigative Consumer Reporting Agencies Act (ICRAA - CA Civil Code section 1786, et seq.) and the Fair Credit Reporting Act (FCRA - 15 U.S.C. section 1681, et seq.) mandate several requirements prior to and following an employee background check, including but not limited to identifying an appropriate reason for the background check, a separate consent form with required disclosures and certain formatting requirements, additional forms such as a summary of rights, a way by which to request a copy of the report, as well as proper notice of adverse actions taken, among other statutory requirements.

Based on information and belief, Employers at times ordered unlawful financial credit checks on Aggrieved Employees and Exempt Aggrieved Employees, or some of them, in violation of Labor Code section 1024.5, and at times required Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to provide ongoing written consent to the unlawful credit checks as a condition of employment, in violation of California and Federal law, which results in a further violation of Labor Code section 432.5.

Based on information and belief, Employers also at times required Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to submit and/or agree to submit in writing to unlawful criminal background checks as a condition of obtaining and/or holding employment in violation of the ICRAA and the FCRA. For example, based on information and belief, Employers required Employee to submit and/or agree to submit in writing to an unlawful background check as a condition of obtaining and/or holding employment in violation of, including but not limited to, Labor Code section 432.5.

Based on information and belief, Employers at times required Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to a background check which failed to abide by the requirements set forth in California Civil Code section 1786, et seq. and 15 U.S.C. section 1681, et seq., including but not limited to by failing, at times, to provide a clear and conspicuous disclosure (and/or failing to provide any disclosure at all), failing at times to provide disclosures free of extraneous information, failing at times to provide a lawful purpose for the background check, failing at times to provide a summary of rights under the ICRAA and/or the FCRA, failing at times to provide a way by which the individual could request a copy of the report, failing at times to disclose the name, address, and telephone number of the third party preparing the report, and failing at times to properly obtain authorization or consent to such a background check, and thus was an unlawful background check.

By at times requiring Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to unlawful criminal and/or financial checks not in conformance with the applicable laws, Employers violated Labor Code section 432.5.

Based on information and belief, Employers also at times required Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to provide ongoing consent to Employers to conduct background checks throughout the duration of employment, in violation of the ICRAA and/or FCRA and/or other applicable laws, resulting in a further violation of Labor Code section 432.5, by at times requiring applicants and employees, or some of them, to agree to an unlawful provision as a condition of employment.

Based on further information and belief, Employers knew that requiring Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree at times to unlawful criminal and/or financial background checks as a condition of obtaining and/or holding employment was unlawful.

By requiring Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree at times in writing to unlawful provisions as a condition of employment, Employers violated Labor Code section 432.5.

Unlawful Inquires into Criminal History

Labor Code section 432.7 prohibits an employer from asking applicants about past arrest(s) unless they resulted in conviction(s) and even then, certain limitations apply. Based on information and belief, Employers at times asked Aggrieved Employees and Exempt Aggrieved Employees, or some of them, about arrests not resulting in convictions on their employment application, in violation of California law.

Upon information and belief, Employers, in violation of California law, including but not limited to the Fair Chance Act/the California Fair Employment and Housing Act (“FEHA”), at times asked Aggrieved Employees and Exempt Aggrieved Employees, or some of them, about convictions prior to extending an offer of employment and/or otherwise impermissibly inquired into criminal history on their employment application in violation of California law.

By asking, at times, about arrests not resulting in convictions, Employers violated Labor Code section 432.7. By asking, at times, about convictions at the application phase or prior to extending an employment offer, Employers violated California’s Fair Chance Act, and thereby violated Labor Code section 432.5 by unlawfully requiring Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to disclose arrests and/or convictions as a condition of employment.

Unlawful PAGA Waiver

Additionally, Employers at times violated Labor Code section 432.5 by requiring Employee, Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to other unlawful agreements, including but not limited to an unlawful waiver of PAGA and or representative actions, as a condition of employment.

An action pursuant to PAGA “...is a representative action on behalf of the state” *Kim v Reins Int’l California, Inc.*, (2020) 9 Cal. 5th 73, 86-87. It is well settled that agreements purporting to waive an employee’s right to a trial of PAGA claims is contrary to California law and unenforceable. See *Iskanian v CLS Transportation Los Angeles, LLC* (2014) 59 Cal. 4th 348, 384 (“We conclude that where, as here, an employment agreement compels the waiver of representative claims under the PAGA, it is contrary to public policy and unenforceable as a matter of state law.”).

Moreover, the California Supreme Court has ruled that a court cannot compel arbitration of an aggrieved employee’s individual PAGA claim because there is no such thing as an individual PAGA claim. *Kim v Reins Int’l California, Inc.*, (2020) 9 Cal. 5th 73, 86-87 (“There is no individual component to a PAGA action because ‘every PAGA action ... is a representative action on behalf of the state.’”).

Upon information and belief, Employers at times required Employee, Aggrieved Employees and Exempt Aggrieved Employees, or some of them, to agree in writing to waive their right to a trial of PAGA claims in violation of California law. By at times requiring Employee, Aggrieved

Employees and Exempt Aggrieved Employees, or some of them, to agree, in writing, to an unlawful PAGA waiver, Employers at times required written agreement to an unlawful provision as a condition of employment, which is a violation of labor code section 432.5.

As such, Employee, Aggrieved Employees and Exempt Aggrieved Employees, or some of them, continue to be subject at times to various unlawful provisions as a condition of employment.

Preventing Employees from Using or Disclosing Skills, Knowledge, and Experience

On information and belief, Employers at times have prevented Employee and/or other Aggrieved Employees, or some of them, from using or disclosing the skills, knowledge, and experience they obtained at Employers for purposes of competing with Employers, including, without limitation, preventing Employees, or some of them, from disclosing their wages in negotiating a new job with a prospective employer, and from disclosing who else works at Employers and under what circumstances they might be receptive to an offer from a rival employer. As such, Employee is informed and believes, this violates Business and Professions Code sections 17200, 16600 and 16700 and, by virtue thereof, various provisions of the Labor Code, including Labor Code sections 232, 232.5, and 1197.5, subdivision (k). Employers would be liable for civil penalties pursuant to Labor Code section 2699.

Whistleblower Violations

On information and belief, Employers at times have prevented Employee and/or other Aggrieved Employees, or some of them, from disclosing violations of state and federal law, either within Employers to their managers or outside Employers to private attorneys or government officials, among others, in violation of Business and Professions Code section 17200, and thus in violation of Labor Code section 1102.5. In addition, Employee is informed and believes that these policies and/or practices at times prevent Employee and/or other Aggrieved Employees, or some of them, from disclosing information about unsafe or discriminatory working conditions, or about wage and hour violations in violation of Labor Code sections 98.6, 232, and 232.5. These violations of the Labor Code would expose Employers to liability for civil penalties pursuant to Labor Code section 2699.

Workplace Health and Safety Violations

On information and belief, Employers at times have failed to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations and processes which are reasonably adequate to render such employment and place of employment safe and healthful, pursuant to, including but not limited to, Labor Code section 6401. Employee is informed and believes, and based thereon alleges, that Employers at times have required or permitted employees, or some of them, to go or be in any employment or place of employment which is not safe and healthful, pursuant to Labor Code section 6402. Employee is informed and believes, and based thereon alleges, that Employers at times have failed or neglected to provide and use safety devices and safeguards reasonably adequate to render the employment and place of employment safe; adopt and use methods and processes reasonably adequate to render the employment and place of employment safe; and do every other thing reasonably necessary to protect the life, safety, and health of employees, pursuant to Labor Code section 6403.

Employee is informed and believes, and based thereon alleges, that these failures include, without limitation, at times failing to disinfect time clocks and other surfaces after use by Employee and/or other Aggrieved Employees, or some of them; at times failing to provide adequate protection

equipment to Employee and/or other Aggrieved Employees, or some of them; and at times failing to provide adequate distance in working conditions between Employee and/or other Aggrieved Employees, or some of them.

On information and belief, Employers violated section 1527, 3366, 3457 and 8397.4 by failing at times to provide adequate and readily accessible sanitation facilities; a regular schedule for servicing, cleaning, and supplying each facility to ensure it is maintained in a clean, sanitary and serviceable condition; an adequate supply of suitable cleansing agents, water, single-use towels or blowers; and a sufficient number of toilets to be used by each sex of employee.

Action for Civil Penalties Under PAGA

In light of the above, Employee alleges that Employers violated the following provisions of the Labor Code with respect to the Aggrieved Employees, or some of them:

1. Labor Code §§ 204, 510, 1194, 1197, and 1198 by failing at times to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing at times to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing at times to authorize and permit rest periods;
4. Labor Code § 204 by failing at times to pay all earned wages two times per month;
5. California Labor Code § 1174.5 and applicable Wage Orders by failing at times to maintain accurate records of hours worked and meal periods taken or missed;
6. Labor Code §§ 201 to 203 by willfully failing at times to pay all wages owed at termination;
7. Labor Code § 226 by failing at times to provide accurate itemized wage statements;
8. Labor Code § 2802 by failing at times to indemnify for necessary expenditures;
9. Labor Code §§ 226, 432, and 1198.5 by failing at times to timely produce requested payroll records, timecards, and personnel records;
10. Labor Code § 1174 by failing at times to keep accurate and complete payroll records;
11. Labor Code §§ 245-248.5 by failing at times to provide proper sick leave and supplemental paid sick leave;
12. Labor Code § 216 for refusal at times to pay wages due and payable and/or denial at times of the validity of any claim to wages due;
13. Labor Code § 223 for at times secretly paying wages lower than required by statute while purporting to pay legal wages;
14. Labor Code § 227.3 for failure at times to pay vested vacation and/or paid time off;
15. Section 14(A-B) of all applicable IWC Wage Orders for failure at times to provide suitable seating;
16. Labor Code § 432.5 for unlawful agreements;
17. Labor Code § 201.3 for failure at times to timely provide temporary workers, or some of them, with wages;

LWDA

Notice of Labor Code Violations and PAGA

May 13, 2024

Page 17 of 17

18. Labor Code §§ 98.6, 232, 232.5, 1102.5, and 1197.5 for at times preventing employees, or some of them, from using or disclosing the skills, knowledge and experience they obtained at Employers, and whistleblower violations;
19. Labor Code § 432.7 for unlawful inquiries at times into criminal histories; and
20. Labor Code §§ 1527, 3366, 3457, 8397.4, 6401, and 6401 for workplace health and safety violations.

Therefore, on behalf of potentially Aggrieved Employees, Employee seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699.

Employee has placed Employers on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

WILSHIRE LAW FIRM

A handwritten signature in black ink, appearing to read "John Yslas", is written over the printed name.

John G. Yslas, Esq.

EXHIBIT 2

John G. Yslas (SBN 187324)
John.yslas@wilshirelawfirm.com
 Eugene Zinovyev (SBN 267245)
Eugene.zinovyev@wilshirelawfirm.com
 John Brown (SBN 233605)
John.brown@wilshirelawfirm.com
 Gabriella Solé (SBN 346164)
Gabriella.sole@wilshirelawfirm.com
 Emily Borman (SBN 303180)
Emily.borman@wilshirelawfirm.com
 Lisa B. Iturriaga (SBN 339678)
Lisa.iturriaga@wilshirelawfirm.com

WILSHIRE LAW FIRM
 660 S. Figueroa St., Sky Lobby
 Los Angeles, California 90017
 Telephone: (213) 381-9988
 Facsimile: (213) 381-9989

Attorneys for Plaintiff Ronald Krenzel, III, individually, and
 on behalf of all others similarly situated

O'HAGAN MEYER LLP
 Megan Childress, SB# 266926
 E-Mail: mchildress@ohaganmeyer.com
 Kalli Sarkin, SB# 340061
 E-Mail: ksarkin@ohaganmeyer.com
 550 S. Hope Street, Suite 2400
 Los Angeles, CA 90071
 Telephone: 213.647.0005

Attorneys for Defendant
 Continental Tide Defense Systems, Inc.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
 FOR THE COUNTY OF SAN DIEGO**

RONALD KRENZEL, III, individually, and
 on behalf of all others similarly situated,

Plaintiff,

v.

CONTINENTAL TIDE DEFENSE
 SYSTEMS, INC., a Pennsylvania
 corporation; and DOES 1 through 10,
 inclusive,

Defendants.

Case No. 37-2024-00020272-CU-OE-CTL

*[Assigned for all purposes to the Hon. Carolyn
 M. Caietti, Dept. C-70]*

**CLASS ACTION AND PAGA
 SETTLEMENT AGREEMENT**

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Ronald Krenzel, III (“Plaintiff”) and Defendant Continental Tide Defense Systems, Inc. (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. **DEFINITIONS.**

1.1 “Actions” means Plaintiff’s lawsuits alleging class and representative action wage and hour violations against Defendant captioned *Ronald Krenzel, III v. Continental Tide Defense Systems, Inc.*, Case No. 37-2024-00020272-CU-OE-CTL, filed on April 30, 2024, in San Diego County Superior Court; and *Ronald Krenzel, III v. Continental Tide Defense Systems, Inc.* Case No. 24CL001677C, filed on July 17, 2024, in San Diego Superior Court.

1.2 “Administrator” means Apex Class Action Administration, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 “Administration Costs” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4 “Aggrieved Employee” means all persons who worked for Defendant in California as an hourly-paid, non-exempt employee at any time during the PAGA Period.

1.5 “Class” means all persons who worked for Defendant in California as an hourly-paid, non-exempt employee at any time during the Class Period.

1.6 “Class Action” means Plaintiff’s lawsuit alleging class action wage and hour violations against Defendant captioned *Ronald Krenzel III v. Continental Tide Defense Systems, Inc.*, Case No. 37-2024-00020272-CU-OE-CTL, filed on April 30, 2024, in San Diego County Superior Court.

1.7 “Class Complaint” means the complaint filed in the Class Action.

1.8 “Class Counsel” means John G. Yslas, Eugene Zinovyev, Gabriella Solé, John Brown, Emily Borman, and Lisa B. Iturriaga of Wilshire Law Firm, PLC.

///

1.9 “Class Counsel Fees Payment” means an award of attorneys’ fees granted to Class Counsel and paid from the Gross Settlement Amount. Defendant will not oppose Plaintiff’s request for approval from the Court of up to one-third (1/3) of the GSA (currently \$220,000.00 [two hundred twenty thousand dollars and no cents]).

1.10 “Class Counsel Litigation Expenses Payment” means the amount allocated to Class Counsel for reimbursement of reasonable expenses and costs incurred to prosecute the Action, not to exceed \$20,000.00 (twenty thousand dollars and zero cents) and paid from the Gross Settlement Amount.

1.11 “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Workweeks and PAGA Pay Periods.

1.12 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.13 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.14 “Class Notice” means the Court approved Notice of Settlement and hearing date for Final Approval, to be mailed to Class Members in English with a Spanish translation in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.15 “Class Period” or “Class Settlement Period” means the period from April 30, 2020, through September 29, 2025 (“Settlement Class Period”).

1.16 “Class Representative” means the named Plaintiff Ronald Krenzel, III, in the Class Action.

///

///

1.17 “Class Representative Service Payment” or “Enhancement Award” means the payment to the Class Representative for initiating the Actions and providing services in support of the Actions.

1.18 “Court” means the Superior Court of California, County of San Diego.

1.19 “Defendant” means named Defendant Continental Tide Defense Systems, Inc.

1.20 “Defense Counsel” means Megan Childress and Kalli Sarkin of O’Hagan Meyer, LLP.

1.21 “Effective Date” means the date by which both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.22 “Final Approval” means the Court’s order granting final approval of the Settlement.

1.23 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.24 “Final Judgment” means the Judgment entered by the Court upon granting Final Approval of the Settlement.

1.25 “Gross Settlement Amount” or “GSA” means six hundred sixty thousand dollars and zero cents (\$660,000.00), which is the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 8 below.

1.26 “Individual Class Payment” means each Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.27 “Individual PAGA Payment” means each Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

///

1.28 “IWC Wage Orders” means the Wage Orders issued by the Industrial Welfare Commission.

1.29 “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.30 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i). “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i). “Net Settlement Amount” or “NSA” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: the LWDA PAGA Payment, Individual PAGA Payments, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Costs Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments. “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.31 “Operative Complaint” means the operative First Amended Class Action Complaint filed on November 21, 2025, in the Class Action, as described in Paragraph 2.3 herein.

1.32 “PAGA Action” means Plaintiff’s lawsuit alleging representative action wage and hour violations against Defendant captioned *Ronald Krenzel III v. Continental Tide Defense Systems, Inc.* Case No. 24CL001677C, filed on July 17, 2024, in San Diego Superior Court.

1.33 “PAGA Complaint” means the complaint filed in the PAGA Action.

1.34 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.35 “PAGA Period” means the period from May 13, 2023, through September 29, 2025.

1.36 “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.37 “PAGA Notice” means Plaintiff’s May 13, 2024 letter to the LWDA and Defendant providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.38 “PAGA Penalties” means the total amount of \$30,000.00 in PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% (\$7,500.00) to the Aggrieved Employees and 75% (\$22,500.00) to the LWDA in settlement of PAGA claims.

1.39 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.40 “Plaintiff” means Ronald Krenzel, III, the named plaintiff in the Actions.

1.41 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.42 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.43 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.44 “Released Parties” means Defendant and any of its past, present, and/or future directors, officers, partners, principals, trustees, shareholders, owners, members, managers, employees, administrators, agents, attorneys, insurers, predecessors, successors, assigns, DBAs, parents, and subsidiaries.

1.45 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.46 “Response Deadline” means sixty (60) days after the Administrator mails Notice to Class Members and Aggrieved Employees and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice packets are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

1.47 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.48 “Workweek” means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. **RECITALS.**

2.1 On April 30, 2024, Plaintiff filed a Class Action Complaint alleging causes of action against Defendant for (1) Failure to Pay Minimum and Straight Time Wages; (2) Failure to Pay

1 Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Authorize and Permit Rest
2 Periods; (5) Failure to Timely Pay Final Wages at Termination; (6) Failure to Provide Accurate
3 Itemized Wage Statements; (7) Failure to Indemnify Employees for Expenditures; (8) Failure to
4 Produce Requested Employment Records; and (9) Unfair Business Practices.

5 2.2 On May 13, 2024, pursuant to Labor Code §2699.3, subd.(a), Plaintiff gave notice to the
6 LWDA and Defendant that Plaintiff intended to proceed with a representative action under PAGA
7 (LWDA-CM-1028037-24). On July 17, 2024, after the 65-day statutory period passed, Plaintiff
8 filed a separate complaint for penalties pursuant to Labor Code § 2699, *et seq.*, Case No.
9 24CL001677C.

10 2.3 On November 21, 2025, Plaintiff filed a consolidated class and PAGA complaint in the
11 Class Action that amends the Class Complaint to include the claim for civil penalties under PAGA
12 and the allegations contained in the PAGA Notice so that all of Plaintiff's claims were in one
13 Complaint.

14 2.4 Defendant denies the allegations in the Operative Complaint, denies any failure to
15 comply with the laws identified in the Actions, and denies any and all liability for the causes of
16 action alleged in the Actions.

17 2.5 On July 29, 2025, the Parties participated in an all-day mediation presided over by
18 mediator Katherine Edwards, Esq. The Parties accepted a mediator's proposal that day and agreed
19 on general settlement terms. The Parties memorialized their agreement in a Memorandum of
20 Understanding on August 27, 2025.

21 2.6 In advance of mediation, Class Counsel conducted a thorough investigation into the facts
22 of, and applicable law to, the Actions. Prior to mediation, Plaintiff obtained and analyzed a
23 representative sampling of time and payroll data for Class Members and the necessary policy
24 documents through informal discovery to properly evaluate the strengths and weakness of the
25 claims and engage in meaningful settlement discussions. Plaintiff's investigation was sufficient
26 to satisfy the criteria for court approval set forth in *Dunk v. Ford Motor Co.*, 48 Cal.App.4th 1794,
27 1801 (1996) and *Kullar v. Foot Locker Retail, Inc.*, 168 Cal.App.4th 116, 129-130 (2008)
28 ("*Dunk/Kullar*").

1 2.7 The Court has not granted class certification.

2 2.8 The Parties, Class Counsel and Defense Counsel represent that they are not aware of any
3 other pending matters or actions asserting claims that will be extinguished or affected by the
4 Settlement.

5 3. **MONETARY TERMS.**

6 3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below,
7 Defendant will pay six hundred sixty thousand dollars and zero cents (\$660,000.00) and no more
8 as the Gross Settlement Amount to fully settle, resolve, and extinguish all claims asserted in the
9 Actions, including without limitation all claims asserted in the PAGA Notice. The Gross
10 Settlement Amount is non-reversionary and does not include employer payroll taxes owed on the
11 wage portions of the Individual Class Payments, which Defendant will pay separately.

12 3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct
13 the following payments from the Gross Settlement Amount, in the amounts specified by the Court
14 in the Final Approval:

15 3.2.1 To Plaintiff: A payment for the Class Representative Service Payment to Plaintiff
16 of not more than \$10,000.00 (ten thousand dollars and zero cents) in addition to any
17 Individual Class Payment and any Individual PAGA Payment the Class Representative is
18 entitled to receive as a Participating Class Member. Defendant will not oppose Plaintiff's
19 request for a Class Representative Service Payment that does not exceed this amount. As
20 part of the motion for the Class Counsel Fees and Litigation Expenses Payments, Plaintiff
21 will seek Court approval for any Class Representative Service Payment no later than
22 sixteen (16) court days prior to the Final Approval Hearing, or as otherwise ordered by
23 the Court. If the Court approves a Class Representative Service Payment less than the
24 amount requested, the Administrator will retain the remainder in the Net Settlement
25 Amount to be distributed to Participating Class Members. The Administrator will pay the
26 Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full
27 responsibility and liability for employee taxes owed on the Class Representative Service
28 Payment. Plaintiff and Class Counsel agree that the existence of and terms of the Class

1 Representative Service Payment shall be strictly confidential, and that neither Plaintiff nor
2 Class Counsel may disclose any terms of this Agreement unless and until such terms
3 become public through other sources (i.e. filing with the Court).

4 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than one-third of the
5 Gross Settlement Amount, which is currently estimated to be two hundred twenty
6 thousand dollars and zero cents (\$220,000.00) and a Class Counsel Litigation Expenses
7 Payment for actual costs, not to exceed \$20,000.00 (twenty thousand dollars with zero
8 cents). Defendant will not oppose requests for these payments. Plaintiff and/or Class
9 Counsel will file a motion for Class Counsel Fees and Litigation Expenses Payment no
10 later than sixteen (16) court days prior to the Final Approval Hearing, or as otherwise
11 ordered by the Court. If the Court approves a Class Counsel Fees Payment and/or a Class
12 Counsel Litigation Expenses Payment less than the amounts requested, the Administrator
13 will allocate the remainder to the Net Settlement Amount for distribution to Participating
14 Class Members. Released Parties shall have no liability to Class Counsel or any other
15 Plaintiff's counsel arising from any claim to any portion of Class Counsel Fee Payment
16 and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class
17 Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099
18 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class
19 Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds
20 Defendant harmless, and indemnifies Defendant, from any dispute or controversy
21 regarding any division or sharing of any of these Payments.

22 3.2.3 To the Administrator: An Administrator Costs Payment not to exceed \$4,750.00
23 (four thousand seven hundred dollars and zero cents) except for a showing of good cause
24 and as approved by the Court. To the extent the Administration Costs are less or the Court
25 approves payment of less than \$4,750.00, the Administrator will retain the remainder in
26 the Net Settlement Amount to be distributed to Participating Class Members.

27 3.2.4 To Each Participating Class Member: An Individual Class Payment is calculated by
28 (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all

1 Participating Class Members during the Class Period, and (b) multiplying the result by
2 each individual Participating Class Member's Workweeks.

3 3.2.4.1 Tax Allocation of Individual Class Payments. Twenty percent (20%) of
4 each Participating Class Member's Individual Class Payment will be allocated to the
5 Settlement of wage claims (the "Wage Portion"). The Wage Portion is subject to tax
6 withholding and will be reported on an IRS W-2 Form. The remaining eighty percent
7 (80%) of each Participating Class Member's Individual Class Payment will be
8 allocated to the settlement of claims for interest, reimbursement, and penalties (the
9 "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings
10 and will be reported on IRS 1099 Forms. Participating Class Members assume full
11 responsibility and liability for any employee taxes owed on their Individual Class
12 Payment.

13 3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual
14 Class Payments. Non-Participating Class Members will not receive any Individual
15 Class Payments. The Administrator will retain amounts equal to their Individual Class
16 Payments in the Net Settlement Amount for distribution to Participating Class
17 Members on a pro-rata basis.

18 3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of
19 thirty thousand dollars and zero cents (\$30,000.00) to be paid from the Gross
20 Settlement Amount, with 75% (\$22,500.00) allocated to the LWDA PAGA Payment
21 and 25% (\$7,500.00) allocated to the Individual PAGA Payments.

22 3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a)
23 dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties of
24 \$7,500.00 by the total number of PAGA Period Pay Periods worked by all Aggrieved
25 Employees during the PAGA Period, and (b) multiplying the result by each individual
26 Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full
27 responsibility and liability for any taxes owed on their Individual PAGA Payment.
28

3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount to be distributed to Participating Class Members. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. **SETTLEMENT FUNDING AND PAYMENTS.**

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records, Defendant represents there are 113 Class Members who collectively worked a total of 11,041 workweeks during the Class Period, and 80 Aggrieved Employees who worked a total of 2,398 PAGA Pay Periods during the PAGA Period.

4.2 Class Data. Not later than twenty-one (21) days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible, in which event Defendant must send the Class Data to the Administrator, and the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. The GSA will be funded in two payments: (i) the first payment of \$330,000.00 is due within 30 days of the Effective Date, and (ii) the second payment of \$330,000.00, along with Defendant's share of payroll taxes owed on the Wage Portion of the Individual Class Payments, is due within 180 days of the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within ten (10) days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Costs Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and

1 the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the
2 Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall
3 not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4 4.4.1 The Administrator will issue checks for the Individual Class Payments and/or
5 Individual PAGA Payments and send them to the Class Members via First Class U.S.
6 Mail. The face of each check shall prominently state the date (180 days after the date of
7 mailing) when the check will be voided ("Void Date"). The Administrator will cancel all
8 checks not cashed by the Void Date. The Administrator will send checks for Individual
9 Settlement Payments to all Participating Class Members (including those for whom the
10 Class Notice was returned undelivered). The Administrator will send checks for
11 Individual PAGA Payments to all Aggrieved Employees including Non-Participating
12 Class Members who qualify as Aggrieved Employees (including those for whom Class
13 Notice was returned undelivered). The Administrator may send Participating Class
14 Members a single check combining the Individual Class Payment and the Individual
15 PAGA Payment. Before mailing any checks, the Settlement Administrator must update
16 the recipients' mailing addresses using the National Change of Address Database.

17 4.4.2 The Administrator must conduct a Class Member Address Search for all other Class
18 Members whose checks are returned undelivered without USPS forwarding address.
19 Within seven (7) days of receiving a returned check, the Administrator must re-mail
20 checks to the USPS forwarding address provided or to an address ascertained through the
21 Class Member Address Search. The Administrator need not take further steps to deliver
22 checks to Class Members whose re-mailed checks are returned as undelivered. The
23 Administrator shall promptly send a replacement check to any Class Member whose
24 original check was lost or misplaced, requested by the Class Member prior to the Void
25 Date.

26 4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA
27 Payment check is uncashed and canceled after the Void Date, the Administrator shall
28 transmit the funds represented by such checks to the California University of San Diego

Children's Advocacy Institute or some other Court-approved nonprofit organization or foundation consistent with Code of Civil Procedure section 284, subdivision (b) subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. **RELEASES OF CLAIMS.** Effective on the date when Defendant fully funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, the LWDA, Aggrieved Employees, and Class Counsel will release claims against all Released Parties as follows:

5.1 **Plaintiff's Release.** Plaintiff and his former and present spouse(s), representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge Released Parties from all claims, transactions, or occurrences, that occurred during the Class Period, including but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and PAGA Notice; and (b) any other claims, debts, liabilities, demands, damages, obligations, actions, and causes of action, of any nature whatsoever, whether known or unknown, suspected or unsuspected, arising out of or in connection with their employment with Defendant, the separation of such employment, or any other act, omission or event occurring between the Parties at any time during the Class Period up through the date the Plaintiff executed this Agreement ("Plaintiff's Release"). Plaintiff's Release includes, without limitation: (1) all claims for violation of any federal, state, or local statute, ordinance or regulation relating to employment benefits, leaves of absence, or discrimination, harassment, retaliation, or whistleblowing in employment, specifically including, without limitation, the California Fair Employment and Housing Act, The California Family Rights Act, Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the California Labor Code, and all equivalent claims under federal law, the Family and Medical Leave Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Genetic

1 Information Nondiscrimination Act, the Employee Retirement Income Security Act, the
2 Consolidated Omnibus Budget Reconciliation Act, the Securities Act, the Immigration Reform
3 and Control Act, the Worker Adjustment and Retraining Notification Act of 1988, the California
4 Worker Adjustment and Retraining Notification Act, the Uniformed Service Employment and
5 Reemployment Rights Act, and any regulation of any administrative agency or governmental
6 authority relating to employment benefits or discrimination or harassment or retaliation in
7 employment, the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.* the Portal to Portal Act, 29
8 U.S.C. § 251 *et seq.*, and all equivalent claims under federal law; (2) all claims for failure to pay
9 for all hours worked, including minimum and straight time wages, failure to pay overtime wages,
10 failure to provide meal periods, failure to authorize and permit rest periods, failure to timely pay
11 final wages at termination, failure to provide accurate itemized wage statements, failure to
12 indemnify employees for necessary expenditures, failure to produce requested employment
13 records, unfair business practices, failure to pay all earned wages twice per month, failure to
14 maintain accurate records of hours worked and meal periods, failure to produce requested
15 employment records, failure to pay all earned wages twice per month, failure to maintain accurate
16 records of hours worked and meal periods, failure to produce requested employment records,
17 recordkeeping requirement violations, violation of Wage Theft Protection Act of 2011, Violation
18 of California Labor Code §§ 245-248.5, failure to provide supplemental paid sick leave, refusal
19 to make payment, seating violations, statutory wage violations, failure to pay vested vacation/paid
20 time off, failure to timely provide temporary workers with owed wages, unlawful agreements,
21 unlawful criminal history inquiries, unlawful PAGA waiver, preventing employees from using or
22 disclosing skills, knowledge, and experience, whistleblower violations, workplace health and
23 safety violations, and any claim for violations of the California Labor Code, California's Business
24 and Professions Code § 17200 *et seq.*, and the applicable California Industrial Welfare
25 Commission Wage Order; (3) any non-statutory tort or contractual claim, including all claims for
26 breach of oral, implied, or written contract, breach of implied covenant of good faith and fair
27 dealing, negligent or intentional infliction of emotional distress, and conversion; (4) all claims for
28 wrongful termination of employment; (5) all claims for wages, penalties and/or benefits; (6) all

1 claims for attorneys' fees and costs; and (7) all claims for civil penalties under the Private
2 Attorneys General Act, including without limitation claims that were or could have been brought
3 under the Class Complaint, the PAGA Complaint, or the PAGA Notice. Plaintiff's Release does
4 not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits,
5 unemployment benefits, disability benefits, social security benefits, workers' compensation
6 benefits that arose at any time. Plaintiff acknowledges that Plaintiff may discover facts or law
7 different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true
8 but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects,
9 notwithstanding such different or additional facts or Plaintiff's discovery of them.

10 5.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes
11 of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights,
12 and benefits, if any, of section 1542 of the California Civil Code, which reads:

13 A general release does not extend to claims that the creditor or releasing party does
14 not know or suspect to exist in his or her favor at the time of executing the release
15 and that, if known by him or her, would have materially affected his or her
16 settlement with the debtor or released party.

17 5.1.2. ADEA Waiver. Plaintiff has been given at least twenty-one (21) days from
18 the date of receipt of this Agreement to consider the terms of this Agreement and
19 consult with counsel before signing it ("Consideration Period"). In the event Plaintiff
20 chooses to sign this Agreement prior the expiration of the Consideration Period,
21 Plaintiff represents that he knowingly and voluntarily is waiving the remainder of the
22 Consideration Period. Plaintiff understands that having waived some portion of the
23 Consideration Period, Defendant may expedite the processing of benefits provided to
24 him in exchange for signing this Release. Plaintiff agrees with Defendant that changes,
25 whether material or immaterial, do not restart the running of the Consideration Period.
26 Plaintiff acknowledges that he has seven (7) days after signing this Agreement to
27 revoke his agreement to it by sending a written revocation notice to Defendant and its
28 counsel. Notwithstanding any other provision of this Agreement, if Plaintiff revokes

1 this Agreement pursuant to this section, the Agreement will not be effective or
2 enforceable, and Plaintiff will not be able to receive any of the Gross Settlement
3 Amount set forth herein.

4 5.2 Released Class Claims: All Participating Class Members, on behalf of themselves and
5 their respective former and present representatives, agents, attorneys, heirs, administrators,
6 successors, and assigns will release Released Parties from all claims, damages, debts, liabilities,
7 obligations, penalties, actions, rights, demands, liabilities, and causes of action arising under state,
8 federal, or local law, whether statutory, common law, or administrative law, at any time during
9 the Class Period, that were alleged or which could have reasonably been alleged based on the
10 facts alleged in the Operative Complaint and the PAGA Notice, and/or ascertained in the course
11 of the Actions, including but not limited to: failure to pay for all hours worked, including
12 minimum and straight time wages (pursuant to Cal. Labor Code §§ 204, 218.5, 218.6, 510,
13 1174(d) 1194, 1194.2, 1197, 1197.1, 1198, and all applicable IWC Wage Orders); failure to pay
14 overtime wages (pursuant to Cal. Labor Code §§ 510, 1194, 1198, and all applicable IWC Wage
15 Orders); failure to provide meal periods (pursuant to Cal. Labor Code §§ 226.7, 512, and all
16 applicable IWC Wage Orders); failure to authorize and permit rest periods (pursuant to Cal. Labor
17 Code §§ 226.7, 512, and all applicable IWC Wage Orders); failure to timely pay final wages at
18 termination (pursuant to Cal. Labor Code §§ 201-203, 218.5, 218.6, and 1194); failure to provide
19 accurate itemized wage statements (pursuant to Cal. Labor Code §§ 226, 226.3, and all applicable
20 IWC Wage Orders); failure to indemnify employees for expenditures (pursuant to Cal. Labor
21 Code §2802); failure to produce requested employment records (pursuant to Cal. Labor Code §§
22 226, 432, 1198.5, and all applicable IWC Wage Orders); violation of Cal. Bus. & Prof. Code §§
23 17200, *et seq.*; failure to keep adequate time records pursuant to Cal. Labor Code § 1174(d);
24 failure to provide all employees with all wages due and payable twice per month (Labor Code §
25 204, 210); failure to maintain accurate records of hours worked and meal periods (Labor Code §§
26 1174, 1174.5, and all applicable IWC Wage Orders); recordkeeping requirement violations
27 (Labor Code § 558.1, 226.6, 1174, 1174.5, 1198, 1199, and all applicable IWC Wage Orders);
28 violation of Wage Theft Protection Act of 2011 (Labor Code §§ 558, 2810.5); failure to provide

proper sick leave and/or improperly calculated sick leave (Labor Code §§ 226, 233, 234, 245-248.5, 2810.5); failure to provide supplemental paid sick leave (Labor Code § 248.2); refusal to make payment of wages due and/or denial of validity of claim to wages due (Labor Code §§ 212, 216, 221, 223, 225.5); seating violations (Labor Code §§ 1198, 1199, and all applicable IWC Wage Orders); statutory wage violations (Labor Code §§ 223); failure to pay vested vacation/paid time off (Labor Code § 227.3); failure to timely provide temporary workers with owed wages (Labor Code § 201.3); unlawful agreements (Labor Code § 432.5); unlawful background checks, credit checks and criminal history inquiries (Labor Code §§ 432.5, 432.7, 1024.5, Investigative Consumer Reporting Agencies Act (Civil Code §§ 1786 *et seq.*), Fair Credit Reporting Act (15 U.S.C. §§ 1681 *et seq.*) , Fair Chance Act / California Fair Employment and Housing Act); unlawful PAGA waiver (Labor Code § 432.5); preventing employees from using or disclosing skills, knowledge, and experience (Labor Code §§ 98.6, 232, 232.5, 1102.5, 1197.5, Business and Professions Code §§ 17200, 16600, 16700); whistleblower violations (Labor Code §§ 98.6, 232, 232.5, 1102.5, Business and Professions Code § 17200); workplace health and safety violations (Labor Code §§ 1527, 3366, 3457, 8397.4, 6401, 6402, 6403, and all applicable IWC Wage Orders). The enumeration of these specific claims shall neither enlarge nor narrow the scope of *res judicata* based on the claims that were asserted in the Actions or could have been asserted in the Actions based on the facts and circumstances alleged in the Operative Complaint. The Released Class Claims are those that accrued during the Class Period.

5.3 Released PAGA Claims: The LWDA and all Aggrieved Employees will release all claims for PAGA civil penalties under Cal. Lab. Code §§ 2699, *et seq.*, that were alleged or reasonably could have been alleged based on the facts alleged in the Operative Complaint and in Plaintiff's PAGA Notice that accrued during the PAGA Period, including but not limited to all claims, damages, debts, liabilities, obligations, penalties, actions, rights, demands, liabilities, and causes of action, arising under state, federal, or local law, whether statutory, common law, or administrative law, at any time during the PAGA Period, that were alleged or which could have reasonably been alleged based on the facts alleged in the Operative Complaint and the PAGA Notice, and/or ascertained in the course of the Actions, including but not limited to: failure to pay

1 for all hours worked, including minimum, straight time and overtime wages (pursuant to Cal.
 2 Labor Code §§ 204, 210, 218.5, 218.6, 510, 1174(d) 1194, 1194.2, 1197, 1197.1, 1198, and all
 3 applicable IWC Wage Orders); failure to provide meal periods (pursuant to Cal. Labor Code §§
 4 210, 226.7, 512, and all applicable IWC Wage Orders); failure to authorize and permit rest periods
 5 (pursuant to Cal. Labor Code §§ 210, 226.7, 512, and all applicable IWC Wage Orders); failure
 6 to timely pay final wages at termination (pursuant to Cal. Labor Code §§ 201-203, 213); failure
 7 to provide accurate itemized wage statements (pursuant to Cal. Labor Code §§ 226, 226.3, and
 8 all applicable IWC Wage Orders); failure to indemnify employees for expenditures (pursuant to
 9 Cal. Labor Code §2802); failure to produce requested employment records (pursuant to Cal.
 10 Labor Code §§ 226, 432, and 1198.5, all applicable IWC Wage Orders); violation of Cal. Bus. &
 11 Prof. Code §§ 17200, *et seq.*; failure to provide all employees with all wages due and payable
 12 twice per month (Labor Code §§ 204, 210); failure to maintain accurate records of hours worked
 13 and meal periods (Labor Code §§ 1174, 1174.5, and all applicable IWC Wage Orders);
 14 recordkeeping requirement violations (Labor Code § 558.1, 226.6, 1174, 1174.5, 1198, 1199, and
 15 all applicable IWC Wage Orders); violation of Wage Theft Protection Act of 2011 (Labor Code
 16 §§ 558, 2810.5); failure to provide proper sick leave and/or improperly calculated sick leave
 17 (Labor Code §§ 226, 233, 234, 245-248.5, 2810.5); failure to provide supplemental paid sick
 18 leave (Labor Code § 248.2); refusal to make payment of wages due and/or denial of validity of
 19 claim to wages due (Labor Code §§ 212, 216, 221, 223, 225.5); seating violations (Labor Code
 20 §§ 1198, 1199, and all applicable IWC Wage Orders); statutory wage violations (Labor Code §§
 21 223); failure to pay vested vacation/paid time off (Labor Code § 227.3); failure to timely provide
 22 temporary workers with owed wages (Labor Code § 201.3); unlawful agreements (Labor Code §
 23 432.5); unlawful background checks, credit checks and criminal history inquiries (Labor Code §§
 24 432.5, 432.7, 1024.5, Investigative Consumer Reporting Agencies Act (Civil Code §§ 1786 *et*
 25 *seq.*), Fair Credit Reporting Act (15 U.S.C. §§ 1681 *et seq.*) , Fair Chance Act / California Fair
 26 Employment and Housing Act); unlawful PAGA waiver (Labor Code § 432.5); preventing
 27 employees from using or disclosing skills, knowledge, and experience (Labor Code §§ 98.6, 232,
 28 232.5, 1102.5, 1197.5, Business and Professions Code §§ 17200, 16600, 16700); whistleblower

violations (Labor Code §§ 98.6, 232, 232.5, 1102.5, Business and Professions Code § 17200); workplace health and safety violations (Labor Code §§ 1527, 3366, 3457, 8397.4, 6401, 6402, 6403, and all applicable IWC Wage Orders).

6. **MOTION FOR PRELIMINARY APPROVAL**. Plaintiff will prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”).

6.1 **Plaintiff’s Responsibilities**. Plaintiff will prepare all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of the Class/PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the Administrator; (v) a signed declaration from Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) all facts relevant to any actual or potential conflict of interest with Class Members, and/or the Administrator; and (vii) a signed declaration from the Administrator attaching its “not to exceed” bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiff, Class Counsel, or Defense Counsel. In their Declarations, Plaintiff and Class Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 **Responsibilities of Counsel**. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing the Motion for Preliminary Approval. Class Counsel will obtain a

prompt hearing date for the Motion for Preliminary Approval, file the Motion for Preliminary Approval no later than sixteen (16) court days before the hearing, unless otherwise ordered by the Court, and deliver the Court's Preliminary Approval Order to the Administrator.

6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

7.1 Selection of Administrator. The Parties have jointly selected Apex Class Action Administration to serve as the Administrator and verified that, as a condition of appointment, the Administrator agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Costs. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1 for the funding of the GSA. Any interest that accrues on the GSA sums paid into the QSF prior to distribution by the Administrator will become part of the NSA for distribution to Participating Class Members.

7.4 Notice to Class Members.

1 7.4.1 No later than five (5) calendar days after receipt of the Class Data, the Administrator
2 shall notify Class Counsel that the list has been received and state the number of Class
3 Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

4 7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14
5 (fourteen) days after receiving the Class Data, the Administrator will send to all Class
6 Members identified in the Class Data, via first-class United States Postal Service
7 ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as
8 Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts
9 of any Individual Class Payment and/or Individual PAGA Payment payable to the Class
10 Member, and the number of Workweeks and PAGA Pay Periods used to calculate these
11 amounts. Before mailing Class Notices, the Administrator shall update Class Member
12 addresses using the National Change of Address database.

13 7.4.3 Not later than five (5) calendar days after the Administrator's receipt of any Class
14 Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class
15 Notice using any forwarding address provided by the USPS. If the USPS does not provide
16 a forwarding address, the Administrator shall conduct a Class Member Address Search,
17 and re-mail the Class Notice to the most current address obtained. The Administrator has
18 no obligation to make further attempts to locate or send Class Notice to Class Members
19 whose Class Notice is returned by the USPS a second time.

20 7.4.4 The deadlines for Class Members' written objections, challenges to Workweeks
21 and/or Pay Periods, and Requests for Exclusion will be extended an additional fourteen
22 days (14) days beyond the sixty (60) days otherwise provided in the Class Notice for all
23 Class Members whose notice is re-mailed. The Administrator will inform the Class
24 Member of the extended deadline with the re-mailed Class Notice.

25 7.4.5 If the Administrator, Defendant, or Class Counsel is contacted by or otherwise
26 discovers any persons who believe they should have been included in the Class Data and
27 should have received Class Notice, the Parties will expeditiously meet and confer in
28 person or by telephone, and in good faith in an effort to agree on whether to include them

as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class

Members' Releases under paragraph 5.2 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the Released PAGA Claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 Challenges to Calculation of Workweeks. Each Class Member shall have sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to the calculation of Workweeks and/or Pay Periods to Defense Counsel and the Administrator's determination of the challenges.

7.7 Objections to Settlement.

7.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

1 7.7.2 Participating Class Members may send written objections to the Administrator, by
2 fax, email, or mail. In the alternative, Participating Class Members may appear in Court
3 (or hire an attorney to appear in Court) to present verbal objections at the Final Approval
4 Hearing. A Participating Class Member who elects to send a written objection to the
5 Administrator must do so not later than sixty (60) days after the Administrator's mailing
6 of the Class Notice (plus an additional fourteen (14) days for Class Members whose Class
7 Notice was re-mailed).

8 7.7.3 Non-Participating Class Members have no right to object to any of the class action
9 components of the Settlement.

10 7.8 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be
11 performed or observed by the Administrator contained in this Agreement or otherwise.

12 7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish,
13 maintain and use an internet website to post information of interest to Class Members
14 including the date, time and location for the Final Approval Hearing and copies of the
15 Settlement Agreement; Motion for Preliminary Approval; Preliminary Approval Order;
16 Class Notice; Motion for Final Approval; Motion for Class Counsel Fees Payment, Class
17 Counsel Litigation Expenses Payment and Class Representative Service Payment; the
18 Final Approval Order; and the Judgment. The Administrator will also maintain and
19 monitor an email address and a toll-free telephone number to receive Class Member calls,
20 faxes and emails.

21 7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will
22 promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not
23 later than five (5) days after the expiration of the deadline for submitting Requests for
24 Exclusion, the Administrator shall email a list to Defense Counsel containing (a) the
25 names and other identifying information of Class Members who have timely submitted
26 valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying
27 information of Class Members who have submitted invalid Requests for Exclusion; (c)
28 copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

1 7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports
2 to Class Counsel and Defense Counsel that, among other things, tally the number of: Class
3 Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion
4 (whether valid or invalid) received, objections received, challenges to Workweeks and/or
5 Pay Periods received and/or resolved, and checks mailed for Individual Class Payments
6 and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include
7 the Administrator’s assessment of the validity of Requests for Exclusion and attach copies
8 of all Requests for Exclusion and objections received.

9 7.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to
10 address and make final decisions consistent with the terms of this Agreement on all Class
11 Member challenges over the calculation of Workweeks and/or Pay Periods. The
12 Administrator’s decision shall be final and not appealable or otherwise susceptible to
13 challenge.

14 7.8.5 Administrator’s Declaration. Not later than fourteen (14) days before the date by
15 which Plaintiff is required to file the Motion for Final Approval of the Settlement, the
16 Administrator will provide to Class Counsel and Defense Counsel, a signed declaration
17 suitable for filing in Court attesting to its due diligence and compliance with all of its
18 obligations under this Agreement, including, but not limited to, its mailing of Class
19 Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices,
20 attempts to locate Class Members, the total number of Requests for Exclusion from
21 Settlement it received (both valid or invalid), the number of written objections and attach
22 the Exclusion List. The Administrator will supplement its declaration as needed or
23 requested by the Parties and/or the Court. Class Counsel is responsible for filing the
24 Administrator’s declaration(s) in Court.

25 7.8.6 Final Report by Settlement Administrator. Within ten (10) days after the
26 Administrator disburses all funds in the Gross Settlement Amount, the Administrator will
27 provide Class Counsel and Defense Counsel with a final report detailing its disbursements
28 by employee identification number only of all payments made under this Agreement. At

1 least fifteen (15) days before any deadline set by the Court, the Administrator will prepare,
2 and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing
3 in Court attesting to its disbursement of all payments required under this Agreement. Class
4 Counsel is responsible for filing the Administrator's declaration in Court.

5 8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE.** Based on its records,
6 Defendant represents there are 113 Class Members who collectively worked a total of 11,041
7 Workweeks during the Class Period. If, on final calculation, the total number of Workweeks
8 increases by more than 10% (i.e. an increase by more than 1,104 Workweeks), then Defendant
9 shall have the option to either: (1) increase the GSA proportionally by the number of workweeks
10 worked in excess of 10% (for example, if the final number of total workweeks increases by 15%,
11 the GSA will increase by 5%); or (2) end the Class Period and PAGA Period on the date the total
12 workweeks reaches 11,041 workweeks plus 10% (i.e., 12,145 workweeks). In the event
13 Defendant elects to increase the GSA proportionally, the Parties agree that the portion of the
14 Gross Settlement Amount allocated to attorneys' fees will increase proportionally such that the
15 total amount of attorneys' fees remains one-third (1/3) of the Gross Settlement Amount after the
16 upward adjustment required by this provision is implemented.

17 9. **DEFENDANT'S RIGHT TO WITHDRAW.** Defendant represents, as of the date of this
18 Settlement Agreement, there are 113 Class Members. If the number of valid Requests for
19 Exclusion identified in the Exclusion List is greater than 10%, Defendant may, but is not
20 obligated, to elect to withdraw from the Settlement. The Parties agree that, if Defendant
21 withdraws, the Settlement shall be *void ab initio*, have no force or effect whatsoever, and that
22 neither Party will have any further obligation to perform under this Agreement; provided,
23 however, Defendant will remain responsible for paying all Settlement Administration Costs
24 incurred to that point. Defendant must notify Class Counsel and the Court of its election to
25 withdraw not later than seven (7) days after the Administrator sends the final Exclusion List to
26 Defense Counsel; late elections will have no effect.

27 10. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the
28 calendared Final Approval Hearing, unless otherwise scheduled by the Court, Plaintiff will file in

1 Court, a Motion for Final Approval of the Settlement that includes a request for approval of the
2 PAGA settlement under Labor Code section 2699, subd. (l); a Proposed Final Approval Order;
3 and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiff will attempt to
4 provide drafts of these documents to Defense Counsel not later than seven (7) days prior to filing
5 the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and
6 confer in person or by telephone, and in good faith, to resolve any disagreements concerning the
7 Motion for Final Approval.

8 10.1 Response to Objections. Each Party retains the right to respond to any objection raised
9 by a Participating Class Member, including the right to file responsive documents in Court no
10 later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or
11 accepted by the Court.

12 10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final
13 Approval on any material change to the Settlement (including, but not limited to, the scope of
14 release to be granted by Class Members), the Parties will expeditiously work together in good
15 faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final
16 Approval. The Court’s decision to award less than the amounts requested for the Class
17 Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation
18 Expenses Payment, and/or Administrator Costs Payment shall not constitute a material
19 modification to the Agreement within the meaning of this paragraph.

20 10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the
21 Court will retain jurisdiction over the Parties, the Actions, and the Settlement solely for purposes
22 of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration
23 matters, and (iii) addressing such post-Judgment matters as are permitted by law.

24 10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and
25 conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class
26 Counsel Litigation Expenses Payment as set forth in this Settlement, the Parties, their respective
27 counsel, and all Participating Class Members who did not object to the Settlement as provided in
28 this Agreement, waive all rights to appeal from the Judgment, including all rights to post-

1 judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new
2 trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the
3 right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties'
4 obligations to perform under this Agreement will be suspended until such time as the appeal is
5 finally resolved and the Judgment becomes final.

6 10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the
7 reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material
8 modification of this Agreement (including, but not limited to, the scope of release to be granted
9 by Class Members), this Agreement shall be null and void. The Parties shall nevertheless
10 expeditiously work together in good faith to address the appellate court's concerns and to obtain
11 Final Approval and Entry of Judgment, sharing, on a 50-50 basis, any additional Administration
12 Costs reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the
13 Court's award of the Class Representative Service Payment or any payments to Class Counsel
14 shall not constitute a material modification of the Judgment within the meaning of this paragraph,
15 as long as the Gross Settlement Amount remains unchanged.

16 11. **AMENDED JUDGMENT.** If any amended judgment is required under Code of Civil
17 Procedure §384, the Parties will work together in good faith to jointly submit a proposed amended
18 judgment.

19 12. **ADDITIONAL PROVISIONS.**

20 12.1 No Admission of Liability, Class Certification or Representative Manageability for
21 Other Purposes. This Agreement represents a compromise and settlement of highly disputed
22 claims. Nothing in this Agreement is intended or should be construed as an admission by
23 Defendant that any of the allegations in the Operative Complaint and/or PAGA Notice has merit
24 or that Defendant has any liability for any claims asserted; nor should it be intended or construed
25 as an admission by Plaintiff that Defendant's defenses in the Actions have merit. The Parties
26 agree that class certification and representative treatment is for purposes of this Settlement only.
27 If, for any reason, the Court does not grant Preliminary Approval, Final Approval, or enter
28 Judgment, Defendant reserves the right to contest certification of any class for any reason,

1 Defendant reserves all available defenses to the claims in the Actions, and Plaintiff reserves the
2 right to move for class certification on any grounds available and to contest Defendant's defenses.
3 The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing
4 on, and will not be admissible in connection with, any litigation (except for proceedings to enforce
5 or effectuate the Settlement and this Agreement).

6 12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendant, and
7 Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement
8 is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit
9 another person to disclose, disseminate or publicize, any of the terms of the Agreement directly
10 or indirectly, specifically or generally, to any person, corporation, association, government
11 agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom
12 will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the
13 extent necessary to report income to appropriate taxing authorities; (4) in response to a court order
14 or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government
15 agency. Each Party agrees to immediately notify the other Party of any judicial or agency order,
16 inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendant, and Defense
17 Counsel separately agree not to, directly or indirectly, initiate any conversation or other
18 communication, before the filing of the Motion for Preliminary Approval, with any third party
19 regarding this Agreement or the matters giving rise to this Agreement except to respond only that
20 "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's
21 communications with Class Members in accordance with Class Counsel's ethical obligations
22 owed to Class Members.

23 12.3 No Solicitation. The Parties separately agree that they and their respective counsel and
24 employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal
25 from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability
26 to communicate with Class Members in accordance with Class Counsel's ethical obligations and
27 Class Counsel's fiduciary duties owed to Class Members.

28 ///

1 12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement
2 together with its attached exhibits shall constitute the entire agreement between the Parties
3 relating to the Settlement, superseding any and all oral representations, warranties, covenants, or
4 inducements made to or by any Party.

5 12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and
6 represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate
7 action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate
8 its terms, and to execute any other documents reasonably required to effectuate the terms of this
9 Agreement including any amendments to this Agreement.

10 12.6 Cooperation. The Parties and their counsel will cooperate with each other and use their
11 best efforts, in good faith, to implement the Settlement by, among other things, modifying the
12 Settlement Agreement, submitting supplemental evidence and supplementing points and
13 authorities as requested by the Court. In the event the Parties are unable to agree upon the form
14 or content of any document necessary to implement the Settlement, or on any modification of the
15 Agreement that may become necessary to implement the Settlement, the Parties will seek the
16 assistance of a mediator and/or the Court for resolution.

17 12.7 No Prior Assignments. The Parties separately represent and warrant that they have not
18 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or
19 encumber to any person or entity and portion of any liability, claim, demand, action, cause of
20 action, or right released and discharged by the Party in this Settlement.

21 12.8 No Tax Advice. Neither Plaintiff, Class Counsel, Defendant nor Defense Counsel are
22 providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied
23 upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR
24 Part 10, as amended) or otherwise.

25 12.9 Modification of Agreement. This Agreement, and all parts of it, may be amended,
26 modified, changed, or waived only by an express written instrument signed by all Parties or their
27 representatives, and approved by the Court.
28

12.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

12.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

12.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

12.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

12.14 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.

12.15 Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

12.16 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 email or messenger, addressed as follows:

To Plaintiff:

John G. Yslas (SBN 187324)
John.yslas@wilshirelawfirm.com
Eugene Zinovyev (SBN 267245)
Eugene.zinovyev@wilshirelawfirm.com
John Brown (SBN 233605)
John.brown@wilshirelawfirm.com
Gabriella Solé (SBN 346164)
Gabriella.sole@wilshirelawfirm.com
Lisa B. Iturriaga (SBN 339678)
lisa.iturriaga@wilshirelawfirm.com
WILSHIRE LAW FIRM
660 S. Figueroa St., Sky Lobby
Los Angeles, California 90017
Telephone: (213) 381-9988

To Defendant:

Megan Childress (SBN 266926)
mchildress@ohaganmeyer.com
Kalli Sarkin (SBN 340061)
ksarkin@ohaganmeyer.com
O'HAGAN MEYER LLP
550 S. Hope Street, Suite 2400
Los Angeles, CA 90071
Telephone: 213.647.0005

12.17 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or by email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.18 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. The Parties further agree that upon the signing of this Agreement pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

12.19 Binding Agreement. The Parties warrant that they each understand and have full authority to enter into this Agreement and intend that this Agreement shall be fully enforceable and binding upon all Parties within the provisions of Cal. Civil Proc. § 664.6, and that it shall be admissible and subject to disclosure in any proceeding to enforce its terms pursuant to Cal. Evid.

Code §§ 1122(a)(1) and 1123(b), notwithstanding the confidentiality provisions that otherwise might apply under federal or state law. The Parties further agree and intend that the San Diego County Superior Court may enforce this Agreement pursuant to Code of Civil Procedure § 664.6.

12.20 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code § 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or 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 date when the Court discharges the Administrator's obligation to provide a declaration confirming the final pay out of all Settlement funds, Class Counsel shall destroy all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.

12.21 Acknowledgment 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 and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement. In addition, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

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

12.23 Enforcement Actions. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party will be entitled to

recover from the unsuccessful Party reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

12.24 Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement has been executed with the consent and advice of counsel and reviewed in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the Settlement Amount.

IT IS SO AGREED.

By the Parties:

DATED: 12/6/2025

DocuSigned by:

 36A64077FBA0437...

Plaintiff Ronald Krenzel, III

DATED: 02-Dec-2025



Defendant Continental Tide Defense Systems, Inc.

By: Edward J Boron
 Position: Chief Financial Officer

1 Approved by counsel:

2 DATED: December 8, 2025

WILSHIRE LAW FIRM

3
4
5 BY: 

John G. Yslas

Eugene Zinovyev

Gabriella Solé

Counsel for Plaintiff Ronald Krenzel

8
9 DATED:

O'HAGAN MEYER LLP

10
11 BY: 

Megan Childress

Kalli Sarkin

Counsel for Defendant Continental Tide Defense
Systems, Inc.

EXHIBIT A

**COURT APPROVED NOTICE OF CLASS ACTION AND PAGA SETTLEMENT AND
HEARING DATE FOR FINAL COURT APPROVAL**

*Ronald Krenzel III v. Continental Tide Defense Systems, Inc.,
Case No. 37-2024-00020272-CU-OE-CTL (San Diego County Superior Court)*

***The San Diego County Superior Court authorized this notice.
It is not junk mail, spam, an advertisement, or solicitation by a lawyer.
Please read it carefully! You are not being sued.***

You may be eligible to receive money from employee class and a representative action lawsuits (“Action”) against Continental Tide Defense Systems, Inc. (“Defendant”) for alleged wage and hour violations. The Action was filed by former employee, Ronald Krenzel, III, and seeks payment of back wages and other relief for a class of all persons currently or formerly employed by Defendant as hourly-paid, non-exempt employees in the State of California (“Class Members”) who worked for Defendant during the Class Period (April 30, 2020 through September 29, 2025); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all Class Members who worked for Defendant during the PAGA Period (May 13, 2023 through September 29, 2025) (“Aggrieved Employees”)

The proposed Settlement has two main parts: (1) a Class settlement requiring Defendant to fund Individual Class Payments, and (2) a PAGA settlement requiring Defendant to fund Individual PAGA Payments and pay PAGA Penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendant’s records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendant’s records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Defendant’s records showing that **you worked [REDACTED] Workweeks during the Class Period and you worked [REDACTED] Pay Periods during the PAGA Period**. If you believe that you worked more during either period, you can submit a challenge by the deadline date.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval of the Settlement. Your legal rights are affected whether you act or not act. **READ THIS NOTICE CAREFULLY.** You will be deemed to have read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	Receive money. Give up rights to sue Defendant for claims released in the Settlement.
EXCLUDE YOURSELF	Receive no money from the Class settlement. You will retain the right to pursue your own legal claims against Defendant. However, even if you exclude yourself from the Class settlement, you will still receive

QUESTIONS? CALL **1-800-335-0700** TOLL FREE

	a portion of the PAGA settlement and be bound by it if you worked during the PAGA Period.
OBJECT	Write to the Court about why you object to the Settlement. If the Settlement receives Final Approval, you will receive money and give up rights to sue Defendant for claims released in the Settlement.
CHALLENGE YOUR NUMBER OF WORKWEEKS AND/OR PAY PERIODS	Challenge your number of Workweeks or Pay Periods listed in this Notice and provide supporting evidence. If you challenge your workweeks or pay periods, you will still be part of the Settlement and will give up rights to sue Defendant for claims released in the Settlement.

BASIC INFORMATION

1. WHY AM I RECEIVING THIS NOTICE?

Defendant’s records indicate that you worked for Defendant at some point(s) between April 30, 2020, through September 29, 2025, and are therefore a member of the Class for purposes of this Settlement.

You received this Notice because you have a right to know about a proposed Settlement of the Action, and about all of your options, before the Court decides whether to finally approve the Settlement. The Settlement will resolve all Class Members’ claims, which are described below, during the Class Period. The Settlement will also resolve claims for civil penalties brought under the California Private Attorneys’ General Act (“PAGA”). If you are a Class Member, you are also an “Aggrieved Employee” if you worked for Defendant during the “PAGA Period,” which is May 13, 2023, through September 29, 2025.

If the Court grants Final Approval to the Settlement, a settlement Administrator appointed by the Court will issue the payments provided for by the Settlement to Class Members. You are encouraged to always keep your address up to date with the Administrator (the Administrator’s contact information can be found in Section 12, below).

This Notice package explains the allegations and background regarding the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to receive those benefits.

The Court in charge of the Action is the San Diego County Superior Court, and the case is titled, *Ronald Krenzle III v. Continental Tide Defense Systems, Inc.*, Case No. 37-2024-00020272-CU-OE-CTL. The person who sued, Ronald Krenzle, III, is the Plaintiff, and the company sued, Continental Tide Defense Systems, Inc. is the Defendant.

2. WHAT IS THE LAWSUIT ABOUT?

The Plaintiff in the lawsuit alleges wage and hour violations against Defendant for: (1) Failure to Pay Minimum and Straight Time Wages; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Authorize and Permit Rest Periods; (5) Failure to Timely Pay Final Wages at Termination; (6) Failure to Provide Accurate Itemized Wage Statements; (7) Failure to Indemnify Employees for Expenditures; (8) Failure to Produce Requested Employment Records; and (9) Unfair Business Practices. In addition, Plaintiff is seeking to recover civil penalties pursuant to PAGA (“PAGA Penalties”) based on the alleged violations of the California Labor Code listed above. Defendant denies Plaintiff’s claims and denies any wrongdoing.

3. WHY IS THIS A CLASS ACTION?

In an employment class action, one or more people called “Class Representatives” (in this case, the Plaintiff) sue on behalf of all workers who they contend have similar claims. All of these workers are a Class or Class Members. Bringing one lawsuit, as opposed to many small ones, saves money, time and court resources. The court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. WHY IS THERE A SETTLEMENT?

The Court has not decided in favor of the Plaintiff or Defendant on the merits of the claims alleged in the lawsuit. Plaintiff believes Plaintiff would win at trial. Defendant thinks that Plaintiff’s lawsuit would not proceed to a trial and/or that Plaintiff would not win at trial. However, there has been no trial. Instead, in acknowledgement of the risk that both Parties face should the case proceed, the Parties have agreed to a negotiated settlement. This way, all Parties avoid the cost of preparing for and conducting a trial, the risk of losing the right to a trial, and the workers affected by the alleged violations receive compensation. The Settlement represents a compromise and settlement of highly disputed claims. The Plaintiff, as well as Plaintiff’s lawyers (called “Class Counsel”), believes the Settlement is fair and reasonable and in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

5. WHO IS INCLUDED IN THE SETTLEMENT?

If you received this Notice, you are a Class Member for settlement purposes. The Class includes: All employees of Defendant who were classified as non-exempt and worked within the State of California at any time from April 30, 2020, through September 29, 2025.

6. ARE THERE EXCEPTIONS TO BEING INCLUDED?

You are not a Class Member if you already have resolved the claims asserted in this lawsuit, whether by settlement or a separate legal proceeding (i.e., another lawsuit).

THE SETTLEMENT BENEFITS—WHAT YOU GET

7. WHAT DOES THE SETTLEMENT PROVIDE?

Defendant has agreed to pay a Gross Settlement Amount (“GSA”) of \$660,000 (six hundred sixty thousand dollars and zero cents) to settle the lawsuit. From the GSA, Class Counsel will apply to the Court for attorneys’ fees of up to one-third of the GSA, currently \$220,000 and up to \$20,000 in costs; a Class Representative Service Payment of \$10,000 to Plaintiff (for Plaintiff’s work and efforts prosecuting this case); a PAGA Penalties payment of \$30,000 to resolve the PAGA claims; and Settlement Administration Costs to Apex Class Action Administration not to exceed \$4,750.00. The exact amount of the Class Counsel’s Fees and Litigation Expenses, Class Representative Service Payment, and Administration Costs will be determined by the Court at the Final Approval hearing. The remaining portion of the Settlement amount, the “Net Settlement Amount” or the “NSA,” is currently estimated to be approximately **XXXXXXXXXX**. The NSA will be apportioned and paid out as Individual Class Payments to the Settlement

Class Members, who are the Class Members that do not request to be excluded (“opt out”) of the Settlement.

PAGA Penalties payment: As part of the PAGA portion of the Settlement, the Parties will ask the Court to approve a \$30,000 PAGA Penalties payment in settlement of claims for civil penalties under PAGA. As required under PAGA, 75% of the PAGA Penalties payment, or \$22,500, will be paid to the California Labor and Workforce Development Agency. The remaining 25% of the PAGA Penalties payment, or \$7,500, will be distributed to the Aggrieved Employees as Individual PAGA Payments.

8. HOW MUCH WILL MY PAYMENT BE?

An approximation of your Individual Class Payment appears on the first page of this Notice. If you are also an Aggrieved Employee, an approximation of your Individual PAGA Payment will also appear on the first page of this Notice.

Individual Class Payment: Your Individual Class Payment is based on the number Workweeks you worked, as represented in Defendant’s records, in comparison to the total number of Workweeks worked by all Class Members during the Class Period (April 30, 2020, through September 29, 2025). Eighty percent (80%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of the alleged claims for penalties and interest and will be reported on a Form 1099 by the Settlement Administrator, and twenty percent (20%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of alleged claims for unpaid wages. The 20% allocated as unpaid wages will be reduced by applicable payroll tax withholdings and deductions and reported on a Form W-2.

Individual PAGA Payment: If you worked for Defendant from May 13, 2023, through September 29, 2025 (“PAGA Period”), you are also an “Aggrieved Employee” and will receive an Individual PAGA Payment in addition to your Individual Class Payment. The Individual PAGA Payments are based on the number of PAGA Pay Periods worked by each Aggrieved Employee in comparison to the total amount of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period. One hundred percent (100%) of each Aggrieved Employees’ Individual PAGA Payment will be characterized as penalties and will not be reduced by payroll tax withholdings and deductions. The Individual PAGA Payment will be reported on a Form 1099 by the Settlement Administrator. An approximation of your anticipated Individual PAGA Payment appears on the first page of this Notice.

For the Class Members who are also Aggrieved Employees, their Individual Class Payment will be combined with their Individual PAGA Payment, and they will receive a single check for the combined payments. If a Class Member chooses to opt-out of the Settlement, they will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement under California law.

HOW YOU GET A PAYMENT

9. HOW DO I RECEIVE A PAYMENT?

You do not need to do anything to receive a payment. However, if you believe that the number of Workweeks or PAGA Pay Periods you worked is incorrect, you may request to correct it by providing any supporting evidence to the settlement Administrator, whose contact information is listed in Section 12 below.

10. WHEN WOULD I GET MY PAYMENT?

The Court will hold a Final Fairness Hearing on [REDACTED], to decide whether to approve the Settlement. If the Judge approves the Settlement, and anyone objects, there may be appeals. It is always uncertain when these objections and appeals can be resolved and resolving them can take time. If there is no objection, the Effective Date of the Settlement will be the date of entry of the Court's Order granting final approval.

Following the Effective Date, Individual Class Payments and Individual PAGA Payments will be mailed to Participating Class Members and Aggrieved Employees approximately 190 days after the Court's approval of the Settlement becomes final so long as there are no appeals.

Settlement checks should be cashed promptly upon receipt. Proceeds of checks which remain uncashed after 180 days from the date of issuance will be forwarded to a non-profit, California University of San Diego Children's Advocacy Institute or some other Court-approved nonprofit organization or foundation consistent with Code of Civil Procedure section 284, subdivision (b). If your settlement check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.

For an update on the status of payments, please contact the Settlement Administrator (see Section 12).

11. WHAT AM I GIVING UP TO GET A PAYMENT?

If the Court approves this Settlement and unless you exclude yourself, you will become a Participating Class Member, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendant concerning the legal claims being resolved in this Settlement. Specifically, you will be giving up or "releasing" the Released Class Claims described below against Defendant and all of Defendant's past, present, and/or future directors, officers, partners, principals, trustees, shareholders, owners, members, managers, employees, administrators, agents, attorneys, insurers, predecessors, successors, assigns, DBAs, parents, and subsidiaries ("Released Parties"). The releases become effective once the GSA is fully funded by Defendant.

Released Class Claims: The "Released Class Claims" are all claims, damages, debts, liabilities, obligations, penalties, actions, rights, demands, liabilities, and causes of action, arising under state, federal, or local law, whether statutory, common law, or administrative law, at any time during the Class Period, that were alleged or which could have reasonably been alleged based on the facts alleged in the Operative Complaint and the PAGA Notice, and/or ascertained in the course of the Action.

Released PAGA Claims: If you are an Aggrieved Employee (i.e. if you worked for Defendant during the PAGA Period), you will also release all claims for PAGA civil penalties that were alleged or reasonably could have been alleged based on the facts alleged in the Operative Complaint and the PAGA Notice that accrued during the PAGA Period.

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT?

To exclude yourself from the Settlement, you must send the Settlement Administrator a written and signed request for exclusion which must be postmarked no later than [60 days after Class Notice is Mailed]. Be sure to include your name, address, and telephone number, and any other information you think would be helpful to the settlement Administrator to identify you. You can send your request for exclusion to the settlement Administrator at:

APEX CLASS ACTION ADMINISTRATION
Ronald Krenzel, III v. Continental Tide Defense Systems, Inc. Settlement
18 Technology Drive, Suite 154
Irvine, CA 92618
Email: info@apexclassaction.com

If you ask to be excluded from the Settlement, you will not be legally bound by anything that happens in the Action, except as it relates to settlement of the PAGA claim. If you ask to be excluded from the Settlement you will not be able to object to the Settlement and you will not receive an Individual Class Payment, but you will still receive an Individual PAGA Payment if you worked for Defendant during the PAGA Period (May 13, 2023, through September 29, 2025). If you ask to be excluded, you may be able to sue (or continue to sue) Defendant in the future.

13. IF I DON'T EXCLUDE MYSELF, CAN I SUE DEFENDANT FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up any right to sue Defendant for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is [60 days after Class Notice is Mailed].

14. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No. If you exclude yourself, you will not receive any money from this NSA. However, if you timely exclude yourself from the Settlement, you will retain the right to pursue your own legal action against Defendant, if you desire. If you choose to opt-out of the Settlement and you are an Aggrieved Employee, you will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement under California law.

THE LAWYERS REPRESENTING YOU IN THIS LAWSUIT

15. DO I HAVE A LAWYER IN THIS CASE?

The Court has determined that Wilshire Law Firm is qualified to represent you and the Class Members in the lawsuit. These lawyers are called Class Counsel and their contact information is listed below. If you want to be represented by your own lawyer, you may hire one at your own expense.

John G. Yslas (SBN 187324)
John.yslas@wilshirelawfirm.com
Eugene Zinovyev (SBN 267245)
Eugene.zinovyev@wilshirelawfirm.com
John Brown (SBN 233605)
John.brown@wilshirelawfirm.com
Gabriella Solé (SBN 346164)
Gabriella.sole@wilshirelawfirm.com
WILSHIRE LAW FIRM
3055 Wilshire Blvd., 12th Floor
Los Angeles, California 90010
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

16. HOW WILL THE LAWYERS BE PAID?

Class Counsel will ask the Court to approve up to 1/3rd of the GSA (currently \$220,000) for attorneys' fees incurred in investigating the facts, litigating the case, and negotiating the Settlement. Class Counsel will also seek Court-approval of up to \$20,000.00 in litigation expenses incurred in this matter. The Court may award Class Counsel less than what they request. Class Counsel will also ask the Court to approve payment to Plaintiff Ronald Krenzel, III, in the amount of \$10,000 in addition to Plaintiff's Individual Class Payment and Individual PAGA Payment for the initiative, risk, and time and energy Plaintiff has spent in service to the Class as the Class Representative. The Court may award the Class Representative less than what is requested.

OBJECTING TO THE SETTLEMENT

You can and have the right to tell the Court you do not agree with the Settlement or some part of it.

17. HOW DO I TELL THE COURT THAT I OBJECT TO THE SETTLEMENT?

If you don't think the Settlement is fair, you can object to some or all of the Settlement. You can either object to the Settlement in person at the Final Approval Hearing or you can submit a written objection. Written objections and notices of intent to appear at the Final Approval Hearing must be mailed to the Settlement Administrator and postmarked on or before [REDACTED], at the following address:

APEX CLASS ACTION ADMINISTRATION
Ronald Krenzel, III v. Continental Tide Defense Systems, Inc. Settlement
18 Technology Drive, Suite 154
Irvine, CA 92618
Email: info@apexclassaction.com

The written objection should state your name and address and describe all legal and factual reasons that you object to the terms of the Settlement. You should also include or attach any documents upon which your objection is based. If the Court overrules the objection at the Final Approval hearing, the Settlement Agreement will be approved, and you will receive your payment. If you do not submit a written objection, you may still appear at the Final Approval hearing to voice your objection or to otherwise observe the proceedings.

QUESTIONS? CALL 1-800-335-0700 TOLL FREE

18. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND REQUESTING EXCLUSION?

Objecting is simply telling the Court that you do not agree with something about the Settlement. You can object only if you stay in the Class.

Requesting exclusion is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you, and you do not get any money from this Settlement. If you submit both an objection and a request to be excluded from the settlement, the request to be excluded will control and you will not get any money from the NSA. If you are an Aggrieved Employee, you will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement under California law.

THE COURT'S FAIRNESS HEARING

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

19. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Final Approval Hearing at [redacted] on [redacted] in Department C-70 of the San Diego County Superior Court located at 330 W Broadway, San Diego, California, 92101 to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. If there are objections, the Court will consider them at that time. The Court will also be asked to approve the requests for the Class Representative Service Payment and the Class Counsel Fees and Litigation Expenses Payments.

20. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have. However, you are welcome to attend. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection to the settlement administrator on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

IF YOU DO NOTHING

21. WHAT IF I DO NOTHING AT ALL?

If you do nothing, you will receive a Settlement payment, and you will be bound by the terms of Settlement, which means that you will not be able to start a lawsuit, continue a lawsuit, or be a part of any other lawsuit against the Defendant about the legal issues in the Action.

GETTING MORE INFORMATION

22. HOW DO I GET MORE INFORMATION?

You may contact Class Counsel at the contact information listed above in Section 15 if you have any questions about the Settlement. You may also contact the Court-appointed Settlement Administrator, Apex Class Action Administration, by calling toll free 1-800-355-0700, or you can write to the Administrator at the following address:

APEX CLASS ACTION ADMINISTRATION
Ronald Krenzel, III v. Continental Tide Defense Systems, Inc. Settlement
18 Technology Drive, Suite 154
Irvine, CA 92618
Email: info@apexclassaction.com

PLEASE DO NOT TELEPHONE THE COURT OR CONTINENTAL TIDE DEFENSE SYSTEMS, INC.'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS. YOU MAY, HOWEVER, CALL CLASS COUNSEL OR THE SETTLEMENT ADMINISTRATOR, LISTED ABOVE.

EXHIBIT 3

Evette Padilla

From: no-reply@formassembly.com
Sent: Tuesday, April 28, 2026 4:52 PM
To: Evette Padilla
Subject: Thank you for your Proposed Settlement Submission

04/28/2026 04:52:07 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

On 04/28/2026 04:52:07 PM your Proposed Settlement was successfully processed for case number LWDA-CM-1028037-24

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website:

https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate_Attorneys_General_Act.htm&data=05%7C02%7Cevette.padilla%40wilshirelawfirm.com%7Cee1d2dfec711403c99be08dea581311c%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639130171466517822%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoitWFrpbGlzIdUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=X%2BsRn2m4Xuy1sZqQ80rZSAjKh5maIVnO6Lg6eRGQisl%3D&reserved=0

EXHIBIT 4



Quotation Request:
Lee Anna Carcione
Wilshire Law Firm, PLC
leeanna.carcione@wilshirelawfirm.com
800.522.7274

Case Name: Krenzel III v. Continental Tide Defense Systems
Date: Thursday, September 18, 2025
RFP Number: 18900003

Prepared By:
Sean Hartranft
Apex Class Action LLC
Sean@apexclassaction.com
949.878.3676

Settlement Specifications	
Estimated Class Size:	113
Certified Language Translation:	No
Static Settlement Website	No
Percentage of Undeliverable Mail	20%

Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
-----------------------	-----------------	---------	----------	----------------

Data Analytics and Standardization				
Import and Standardize Data*	Per Hour	\$125.00	1	\$125.00
Data Analyst	Per Hour	\$150.00	2	\$300.00
*Data provided must be in a workable format. Apex can standardize provided data at an additional cost of \$150/hr.				
Sub Total:				\$425.00

Mailing of Class Notice				
Form Set Up	Per Hour	\$120.00	1	\$120.00
Print & Mail Class Notice	Per Piece	\$1.50	113	\$169.50
USPS First Class Postage	Per Piece	\$0.78	113	\$88.14
Remail Undeliverable Mail (Skip-Trace)	Per Piece	\$2.00	23	\$45.20
Receive and Process Undeliverable Mail	Per Hour	\$75.00	1	\$75.00
Process Class Member Correspondence via mail, e-mail & fax	Per Piece	\$75.00	1	\$75.00
NCOA Address Update (USPS)	Static Rate	\$51.92	1	\$51.92
Sub Total:				\$624.76

Project Management				
Project Management	Per Hour	\$150.00	2	\$300.00
Project Coordinator	Per Hour	\$90.00	2	\$180.00
Data Analyst and Reporting	Per Hour	\$140.00	1	\$140.00
Sub Total:				\$620.00



Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
-----------------------	-----------------	---------	----------	----------------

Toll-Free Contact Center, Website & Reporting				
Bilingual Toll-Free Contact Center	Static Rate	\$55.00	1	\$55.00
Settlement Status Reports	Static Rate	\$750.00	1	Waived
Sub Total:				\$55.00

Distribution & Settlement Fund Management				
Settlement Calculations (Preliminary and Final)	Per Hour	\$120.00	2	\$240.00
Account Management and Reconciliation	Per Hour	\$140.00	2	\$280.00
Print & Mail Distribution Settlement Check (W-2/1099)	Per Piece	\$1.50	113	\$169.50
USPS First Class Postage	Per Piece	\$0.78	113	\$88.14
Remail Distribution to Updated Address (Skip Trace)	Per Piece	\$2.00	11	\$22.60
Individual Income Tax Preparation & Reporting	Per Hour	\$100.00	5	\$500.00
QSF Income Tax Reporting (per calendar year)	Per Year	\$1,250.00	1	\$1,250.00
Sub Total:				\$2,550.24

Post Distribution Reconciliation				
Bank Account Reconciliation	Per Hour	\$135.00	1	\$135.00
Project Management Reconciliation	Per Hour	\$100.00	1	\$100.00
Declarations	Per Hour	\$120.00	2	\$240.00
Sub Total:				\$475.00

WILL NOT EXCEED:			\$4,750.00
------------------	--	--	------------

Thank you for your business!



Terms & Conditions

The following Terms and Conditions govern the provision of all services to be provided by Apex Class Action and its affiliates ("Apex") to the Client. These terms and conditions are binding and shall apply to all services provided by Apex in relation to any related services or products.

1. **Services:** Apex commits to providing the Client with the administrative services detailed in the attached Proposal (the "Services").

2. **Payment Terms:** As compensation for the legal services to be provided, the Client agrees to pay Apex all fees detailed in the Proposal. The fees quoted in the Proposal (and any subsequent proposals for additional services) are estimates based on the information provided to Apex by the Client. Apex makes no representation that the estimated fees in the Proposal or any subsequent proposals for additional services shall equal the actual fees charged by Apex to the Client, which fees (including individual line items) may be greater or less than estimated. If additional services are requested on an hourly basis and are not specifically detailed in the Proposal, Apex will prepare estimates for such services subject to approval by the Client. In the performance of such additional services, Apex will charge standard hourly fees which shall apply.

3. **Incurred Expenses:** In relation to the provision of services outlined in this agreement, the Client agrees to reimburse Apex for all reasonable out-of-pocket expenses incurred. Such expenses may include, but are not limited to, costs associated with postage, media production or publication, banking fees, brokerage fees, messenger and delivery service expenses, travel expenses, filing fees, office supplies, meals, staff overtime expenses, and other related costs and expenses. If not otherwise specified in writing, fees for print notice and certain expenses, such as media publication and postage, must be paid immediately upon invoicing and, in certain cases, at least ten (10) days prior to the date on which such expenses will be incurred.

4. **Invoicing:** Apex shall present invoices for its fees and expenses on a monthly basis, except as provided in Section 3. The Client agrees to pay each invoice within 30 days of receipt. In case of non-payment within 90 days of the billing date, an additional service charge of 1.5% per month may apply. Apex reserves the right to increase its prices, charges, and rates annually, subject to reasonable adjustments. If any price increases exceed 10%, Apex shall give thirty (30) days' notice to the Client. In the event of any unpaid invoices beyond 120 days of the due date, Apex reserves the right to withhold services and reports until payment is received, subject to notice to the Client. It is important to note that Apex's failure to provide services and reports in such instances shall not constitute a default under this agreement.

5. **Case Duration:** The duration of these Terms and Conditions, except for the data storage obligations, shall be in effect until 30 days following the completion of the Services as described in the Proposal. The parties may extend these Terms and Conditions in writing for a mutually agreed-upon period beyond this initial 30-day period.

6. **Termination of Services:** Either party may terminate the Services by providing thirty (30) days written notice to the other party. Alternatively, termination may occur immediately upon written notice for Cause, as defined below. Cause means (i) Apex's gross negligence or willful misconduct that causes serious and material harm to the Client; (ii) the Client's failure to pay Apex invoices for more than one hundred twenty (120) days from the date of the invoice; or (iii) the accrual of invoices or unpaid services where Apex reasonably believes it will not be paid. Termination of the Services shall not relieve the Client of its obligation to pay Apex for services rendered prior to the termination.

7. **Independent Contractor:** As an independent contractor, Apex will provide services under the terms of this agreement. It is agreed that neither Apex nor any of its employees will be considered an employee of the Client. Consequently, Apex and its employees will not be eligible for any benefits provided by the Client to its employees. The Client will not make any tax deductions from the payments due to Apex for state or federal tax purposes. Apex will be solely responsible for paying all taxes and other payments due on payments received from the Client under this agreement.

8. **Apex warrants that the Services outlined in the Proposal will be performed in accordance with the standards generally adhered to by professionals providing similar services. It is acknowledged that the Services may entail the likelihood of some human and machine errors, omissions, delays, and losses that may result in damage. However, Apex shall not be held liable for such errors, omissions, delays, or losses unless they are caused by its gross negligence or willful misconduct. In the event of any breach of this warranty by Apex, the Client's sole remedy will be limited to Apex's rerunning, at its expense, any inaccurate output provided that such inaccuracies occurred solely as a result of Apex's gross negligence or willful misconduct under this agreement.**

9. **Limitation of Liability:** The Client acknowledges that Apex shall not be held liable for any consequential, special, or incidental damages incurred by the Client in relation to the performance of Services, whether the claim is based on breach of warranty, contract, tort (including negligence), strict liability, or any other grounds. Under no circumstances shall Apex's liability to the Client, for any Losses (including court costs and reasonable attorney's fees), arising out of or in connection with these Terms and Conditions, exceed the total amount charged or chargeable to the Client for the specific service(s) that caused the Losses.

10. **Indemnification:** The Client agrees to indemnify and hold harmless Apex from any losses, suits, actions, judgments, fines, costs, liabilities, or claims arising from any action or proceeding relating to the Services provided by Apex, regardless of whether or not it results in liability (collectively referred to as "Indemnified Claims"). However, this indemnification provision shall not apply to the extent that such Indemnified Claims are caused by Apex's willful misconduct, gross negligence, or breach of these Terms and Conditions. This provision shall survive termination of the Services.

11. **Confidentiality:** Apex will uphold strict confidentiality between Apex and the Client and applies to all non-public records, documents, systems, procedures, processes, software, and other information received by either party in connection with the performance of services under these terms. Both Apex and the Client agree to keep confidential all such non-public information, including any material marked or identified as confidential or proprietary. Any such confidential information shall not be disclosed, provided, disseminated, or otherwise made available to any third party, except as required to fulfill the parties' obligations under these terms. The parties acknowledge that in the event of any request to disclose any confidential information in connection with a legal or administrative proceeding, or otherwise to comply with a legal requirement, prompt notice of such request must be given to the other party to enable that party to seek an appropriate protective order or other remedy or to waive compliance with the relevant provisions of these terms. If the Client seeks a protective order or another remedy, Apex, at the Client's expense, will cooperate with and assist the Client in such efforts. If the Client fails to obtain a protective order or waives compliance with the relevant provisions of these terms, Apex will disclose only that portion of the confidential information that it determines it is required to disclose. This confidentiality provision shall survive termination of the services provided. Both parties acknowledge and agree that any breach of these terms may cause irreparable harm to the non-breaching party and that injunctive relief may be necessary to prevent any actual or threatened breach. The terms set forth between the parties supersede all prior negotiations, understandings, and agreements between the parties concerning confidentiality. These terms may only be amended in writing and signed by both parties.

12. **Ownership of the programs, system data, and materials provided by Apex to the Client during the course of providing services herein shall solely belong to Apex. It is acknowledged that fees and expenses paid by the Client do not confer any rights in such property. It is also understood that the said property is made available to the Client solely for the purpose of using it during and in connection with the services provided by Apex.**

13. **Apex may derive financial benefits from financial institutions in connection with the deposit and investment of funds with such institutions, including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.**

14. **COMPLETE AGREEMENT.** These Terms and Conditions, along with the attached Proposal, represent the complete agreement and understanding between the parties and override any prior agreements (whether written or oral) between Apex and the Client regarding the subject matter. Any modification to these Terms and Conditions may only be made in writing and must be signed by both Apex and the Client. The headings in this document are included for convenience only and do not alter or restrict any provisions in these Terms and Conditions. They may not be used in the interpretation of these Terms and Conditions.

15. **This provision outlines the requirements for providing notice or other communication under this agreement. All such communications must be in writing and can be delivered either by personal delivery or through U.S. Mail with prepaid postage or overnight courier. Once delivered personally or sent through the mail, the notice will be considered given after five (5) days from the deposit date in the U.S. Mail. Alternatively, if sent through an overnight courier, the notice will be considered given one business day after delivery to the such courier. It's important to note that the notice must be provided to a responsible officer or principal of the Client or Apex, depending on the case.**

16. **Force Majeure:** In the event of any failure or delay in performance due to circumstances beyond Apex's control, including but not limited to strikes, lockouts, fires, floods, acts of God or public enemy, riots, civil disorders, insurrections, war or war conditions, or interference by civil or military authorities, Apex shall not be held liable for any resulting loss or damage. The time for performance under this agreement shall be extended for a period equal to the duration of the disabling cause and a reasonable time thereafter. This provision shall constitute a force majeure clause and shall be construed accordingly.

17. **The applicable state and federal laws shall govern the interpretation and enforcement of these Terms and Conditions. No choice of law or conflict of laws provisions shall affect this governing law provision.**

18. **Severability:** This applies to all clauses and covenants contained within these Terms and Conditions. In the event that any clause or covenant is deemed invalid, illegal, or unenforceable, the remaining provisions shall remain valid and enforceable to the fullest extent permissible by law. The validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired by the invalidity, illegality, or unenforceability of any provision deemed so.

19. **Nonwaiver:** This applies to these Terms and Conditions. This means that any failure by one party to enforce a provision of these terms on one or more occasions shall not be construed as a waiver of that provision. In other words, any failure to enforce a provision does not give up the right to enforce it in the future. All provisions of these Terms and Conditions remain in full force and effect, regardless of any prior failure to enforce them.