PAGA SETTLEMENT AGREEMENT

Subject to court approval, this PAGA Settlement Agreement ("Agreement") is made by and between Plaintiff Michael Bradley ("Plaintiff"), individually, and on behalf of the Aggrieved Employees and the State of California; and Defendants The Crack Shack Enterprises, LLC, The Crack Shack Little Italy, LLC, The Crack Shack Costa Mesa, LLC, The Crack Shack Encinitas, LLC, and The Crack Shack Pacific Beach, LLC (hereinafter, "Defendants"). The Agreement refers to Plaintiff and Defendants collectively as "Parties" or individually as a "Party."

1. DEFINITIONS.

1.1. "Action" means Plaintiff's lawsuit alleging wage and hour violations against Defendants captioned *Michael Bradley v. The Crack Shack Enterprises, LLC, et al.*; Case No. 24CL000768C, pending in San Diego County Superior Court.

1.2. "Address Search" means the Administrator's search for PAGA Members' mailing addresses using all reasonably available sources, including but not limited to the National Change of Address database, skip traces, and direct contact by the Administrator.

1.3. "Administrator" means CPT Group.

1.4. "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its costs in accordance with the Administrator's bid as approved by the Court. The Administration Expenses shall not exceed $10,000, except for a showing of good cause and as approved by the Court.

1.5. "Plaintiff's Counsel Attorneys' Fees Payment" mean the amounts allocated to Plaintiff's Counsel for reimbursement of reasonable attorneys' fees in connection with this Settlement in an amount not to exceed 33.33% of the Gross Settlement Amount.

1.6. "Court" means the San Diego County Superior Court.

1.7. "Defense Counsel" means Emily J. Fox, Esq., Aimee Axelrod Parker, Esq., and Geoffrey D. La Val, Esq. from the law firm of Wilson Turner Kosmo LLP.

1.8. "Effective Date" means the date on which the Court enters an order granting approval of this PAGA settlement.

1.9. "Employee Data" means all PAGA Members' identifying information in Defendants' possession including their names, last-known mailing addresses, Social Security numbers, and number of PAGA Pay Periods.

1.10. "Settlement Approval" means the Court's order granting approval of the Parties' Settlement.

1.11. "Settlement Approval Hearing" means the Court's hearing on the motion for approval of the Settlement.

1.12. "Gross Settlement Amount" means One Hundred Fifty Thousand Dollars (**$<u>150,000)</u>**, which is the total amount Defendant(s) agree(s) to pay under the Settlement, subject to the terms and conditions of this Settlement.

1.13. "Individual PAGA Payments" means the PAGA Members' pro rata share of the Net PAGA Payment, calculated according to the number of PAGA Pay Periods worked by each PAGA Member.

1.14. "Plaintiff's Counsel Litigation Costs Payment" means the amount to be paid to Plaintiff's Counsel for having prosecuted the Action, according to proof and subject to Court approval, not to exceed $16,239.65.

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

1.16. "LWDA Payment" means the 75% share of the Net Settlement Amount allocated to be paid to the LWDA under Labor Code section 2699, subd. (i), in effect prior to July 1, 2024.

1.17. "Net Settlement Amount" or "PAGA Payment" means the Gross Settlement Amount less the following payments, all subject to Court approval: Plaintiff's Counsel Fees Payment, Plaintiff's Counsel Litigation Costs Payment, Service Payment, and Administration Expenses Payment.

1.18. "Net PAGA Payment" means the 25% share of the Net Settlement Amount allocated to be paid to the PAGA Members under Labor Code section 2699, subd. (i) , in effect prior to July 1, 2024.

1.19. "Operative Complaint" means the most recent complaint, including amended complaints, filed by Plaintiff.

1.20. "PAGA" means California's Private Attorneys General Act of 2004 (Labor Code §§ 2698, *et seq*.).

1.21. "PAGA Period" means May 7, 2023, through the earlier of 90 days after the date of mediation (i.e. May 29, 2025) or the date of approval of the Settlement, whichever is earlier.

1.22. "PAGA Counsel" or "Plaintiff's Counsel" means Ferraro Vega Employment Lawyers, Inc.

1.23. "PAGA Members" means all individuals currently or formerly employed by Defendants in California as hourly, non-exempt employees during the PAGA Period.

1.24. "PAGA Notice" means Plaintiff's letter to Defendants and the LWDA, including any amendments thereto, pursuant to Labor Code section 2699.3(a).

1.25. "PAGA Pay Period" means any pay period during which a PAGA Member received a wage payment for work performed as a non-exempt employee for Defendants during the PAGA Period.

1.26. "PAGA Representative" or "Plaintiff" refers to Michael Bradley.

1.27. "Released Claims" means the claims being released in connection with this Settlement, as set forth in paragraph 4.2 below.

1.28. "Released Parties" means: Defendants and each former and present parents, employees, agents, directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

1.29. "Service Payment" means the payment to Plaintiff for initiating and providing services in support of the Action in an amount up to $10,000, subject to Court approval, which also constitutes consideration for Plaintiff's individual settlement and general release of all claims, as set forth in paragraph 4.1 and 4.2 below.

1.30. "Settlement" means the disposition of the Action effected by this Agreement.

2. MONETARY TERMS.

2.1. Gross Settlement Amount. Subject to all terms of this Agreement, Defendants shall pay the Gross Settlement Amount in connection with this Settlement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring PAGA Members to submit any claim or form as a condition of payment. The Gross Settlement Amount is non-reversionary.

2.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts approved by the Court:

2.2.1. To Plaintiff: The Service Payment, in addition to any Individual PAGA Payment to which he may be entitled as a PAGA Member. If the Court approves a Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Service Payment using IRS Form 1099. An award of less than the requested amount for the Service Payment will not give rise to a basis to abrogate the Settlement Agreement and the Court has authority under this Agreement to reduce (or increase) the Service Payment, at its discretion at the approval stage.

2.2.2. To Plaintiff's Counsel: Attorneys' Fees and Litigation Costs to Plaintiff's Counsel. Defendants will not oppose requests for these payments, provided the requests do not exceed the amounts set forth in this Agreement. If the Court approves Attorneys' Fees and/or Litigation Costs in an amount less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will pay the Attorneys' Fees and Litigation Costs using one or more IRS 1099 Forms.

2.2.3. To the Administrator: Administration Expenses to the Administrator. To the extent the Administration Expenses are less, or the Court approves payment less than the Administration Expenses set forth in this Agreement, the Administrator will allocate the remainder to the Net Settlement Amount.

2.2.4. To the LWDA: Subject to Court approval, the PAGA Payment will be allocated to cover any and all claims for civil penalties associated with the Released Claims that were, or could have been, brought in the Action under PAGA based on the factual allegations in the Operative Complaint and PAGA Notice; 75% of the PAGA Payment will be paid to the LWDA (i.e., the LWDA Payment) and the remaining 25% of the PAGA Payment (i.e., the Individual PAGA Payments) will be distributed to PAGA Members as penalties in exchange for a full and final release of the PAGA claims. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

2.2.5. To Each PAGA Member/Tax Allocation: An Individual PAGA Payment calculated by: (a) dividing 25% of the PAGA Payment by the total number of PAGA Pay Periods worked by all PAGA Members during the PAGA Period; and (b) multiplying the result by each PAGA Members' PAGA Pay Periods. The Individual PAGA Payments are not subject to wage withholdings and will be reported on IRS 1099 Forms. PAGA Members assume full responsibility and liability for any individual taxes owed on their Individual PAGA Payment.

3. SETTLEMENT FUNDING AND PAYMENTS.

3.1. Delivery of Employee Data to Administrator. Not later than 21 calendar days after the Court grants approval of the Settlement, Defendants will deliver the Employee Data to the Administrator, in the form of a Microsoft Excel worksheet. To protect PAGA Members' privacy, the Administrator must maintain the Employee Data in confidence, use the Employee Data only for purposes of this Settlement, and restrict access to the Employee Data to Administrator employees who need access to the Employee Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Plaintiff's Counsel if it discovers that the Employee Data omitted PAGA Members' identifying information and to provide corrected or updated Employee Data as soon as reasonably feasible. Without any extension of the foregoing deadline the Parties and their counsel must expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Employee Data.

3.2. Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 21 calendar days after the Effective Date.

3.3. Payments from the Gross Settlement Amount. Within 10 days after Defendants funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the Administration Expenses Payment, the LWDA Payment, Plaintiff's Counsel Attorneys' Fees Payment, Plaintiff's Counsel Litigation Costs Payment, and the Service Payment.

3.3.1. The Administrator will issue checks for the Individual PAGA Payments and send them to PAGA Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be void. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

3.3.2. The Administrator must conduct an Address Search for all PAGA Members whose checks are returned undelivered without USPS forwarding addresses. Within seven (7) calendar days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Address Search. The Administrator need not take further steps to deliver checks to PAGA Members whose re-mailed checks return as undelivered. The Administrator shall promptly send a replacement check to any PAGA Member whose original check was lost or misplaced, requested by the PAGA Member prior to the void date.

3.3.3. For any PAGA Members whose Individual Settlement Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds, in the name of the PAGA Member(s), to the State of California's Unclaimed Property Division.

3.3.4. The payment of Individual PAGA Payments shall not obligate Defendants or the Released Parties to confer any additional benefits or make any additional payments to PAGA Members beyond those specified in this Agreement.

3.3.5. The Administrator will send checks for Individual PAGA Payments to all PAGA Members, who have no right to opt-out or otherwise exclude themselves from the settlement and release of PAGA claims set forth in this Settlement.

4. RELEASES OF CLAIMS.

Effective on the date when Defendant fully funds the Gross Settlement Amount, the following releases of claims will take effect:

4.1. Plaintiff's General Release. Plaintiff and Plaintiff's respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally and fully, release and discharge Released Parties from all charges, complaints, claims, demands, rights, liabilities, obligations, promises, agreements, controversies, transactions, occurrences, damages, suits, costs, losses, debts, actions, causes of action, or expenses (including back wages, penalties, liquidated damages, and attorney's fees and costs actually incurred), of any form or nature whatsoever, whether known or unknown, foreseen or unforeseen, anticipated or unanticipated, suspected or unsuspected, that Plaintiff now has or may have against Defendants and the Released Parties arising from or relating to any and all acts, events and omissions occurring prior to the date of execution of this Agreement, whether or not asserted before such date ("Plaintiff's General Release"). This General 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, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, the Age Discrimination in Employment Act, the Older Workers

Benefit Protection Act, the Genetic Information Nondiscrimination Act, the Americans with Disabilities Act, and the Employee Retirement Income Security Act, the Consolidated Omnibus Budget Reconciliation Act, the Securities Act, the Immigration Reform and Control Act the Worker Adjustment and Retraining Notification Act of 1988, the California Worker Adjustment and Retraining Notification Act, the Uniformed Service Employment and Reemployment Rights Act, and any regulation of any administrative agency or governmental authority relating to employment benefits or discrimination or harassment or retaliation in employment; (2) all claims for failure to pay minimum or overtime wages, failure to timely pay wages, failure to provide accurate itemized wage statements, failure to maintain accurate records, failure to reimburse business expenses, failure to provide meal periods or rest breaks, failure to provide paid sick leave, failure to post notice of paydays and time and place of payment, and any claim for violations of the California Labor Code, California's Business and Professions Code §§ 17200 *et seq*., and the applicable California Industrial Welfare Commission Wage Order; (3) any non-statutory tort or contractual claim, including all claims for breach of oral, implied or written contract, breach of implied covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, and conversion; (4) all claims for wrongful termination of employment; (5) all claims for wages, penalties and/or benefits; and (6) all claims for attorneys' fees and costs. Plaintiff's General Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time. Plaintiff acknowledge that he may discover facts or law different from, or in addition to, the facts or law that Plaintiff now know or believe to be true but agree, nonetheless, that Plaintiff's General Release shall be and remain effective in all respects, notwithstanding such different or additional facts or his discovery of them.

4.1.1. Plaintiff's Section 1542 Waiver. For purposes of Plaintiff's General Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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

4.2. Release by PAGA Members: All PAGA Members and the LWDA are deemed to release and discharge fully, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, Defendants and the Released Parties from any and all rights and claims for civil penalties pursuant to PAGA during the PAGA Period that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint in the Action and the PAGA Notice including, inter alia, all claims arising under California Labor Code sections 201, 202, 203, 204, 210, 218, 218.5, 226, 226.3, 226.7, 246, 248.5, 510, 512, 558, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699, and 2802 and the Applicable Wage Orders for any and all of the following claims relating to alleged violations for: (1) unpaid hours worked/minimum wage, (2) unpaid overtime, (3) unpaid paid sick leave, (4) unpaid meal period premium wages, (5) unpaid rest period premium wages, (6) untimely payment of wages during employment, (7) untimely payment of wages upon separation of employment, (8) non-compliant wage statements, (9) unreimbursed employee expenses, and (10) failure to maintain accurate records.

5. MOTION FOR SETTLEMENT APPROVAL.

5.1. PAGA Approval. At least 5 calendar days before they must be filed with the court, Plaintiff shall prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this PAGA Settlement under Labor Code § 2699(s)(2). To obtain court approval of the Settlement of PAGA claims, Plaintiff shall prepare either a Joint Stipulation Approving PAGA Settlement (subject to Defense Counsels' review and revision) or a Motion for Approval of PAGA Settlement. Plaintiff shall file declarations from Plaintiff's Counsel and the Plaintiff to support the Settlement.

5.2. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Settlement or forthcoming motions or joint stipulations for approval, Plaintiff's Counsel and Defense Counsel will expeditiously work together in good faith on behalf of the Parties to resolve the disagreement. If the Court does not grant settlement approval or conditions any approval or review on any material change to this Agreement, Plaintiff's Counsel and Defense Counsel will expeditiously work together in good faith on behalf of the Parties to modify the Agreement and satisfy the Court's concerns. Should the Court decline to approve all material aspects of the Settlement, the Settlement will be null and void, and the Parties will have no further obligations under it.

6. SETTLEMENT ADMINISTRATION.

6.1. Selection of Administrator. The Parties have jointly selected the Administrator to administer this Settlement. 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 Expenses. 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.

6.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number to calculate tax withholdings and report same to state and federal tax authorities.

6.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund under U.S. Treasury Regulation section 468B-1.

6.3.1. Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Plaintiff's Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement.

7. ESCALATION CLAUSE. Based on its records, Defendant represented that from May 7, 2023 to February 4, 2025, the PAGA Members worked approximately 5,100 pay periods. If the total number of pay periods exceeds this total during the PAGA Period by 10% or more (e.g., pay period count x 1.10) for that timeframe, Defendants shall have the option of either (1) increasing the Gross Settlement Amount proportionately for each additional pay period over this listed total or (2) rolling back the end of the PAGA Period to the date when the number of pay periods did not exceed 5,100 pay periods by 10%.

8. EMPLOYEE ESTIMATE. Based on the records evaluated, there are an estimated 212 PAGA Members covered by this Agreement.

9. ADDITIONAL PROVISIONS.

9.1. Continuing Jurisdiction of the Court. The Parties agree, after court approval of the Settlement, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement, (ii) addressing settlement administration matters, and (iii) addressing such post-approval matters as are permitted by law

9.2. No Admission of Liability, Class Certification, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by the Parties, or any of them, that any of the allegations or the defenses in the Operative Complaint have merit or that there is any liability for any claims asserted or that any claims may proceed on a class, collective, or representative basis. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

9.3. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, memoranda of understanding, or inducements made to or by any Party.

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

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

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

9.7. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or Plaintiff's Counsel and Defense Counsel, as their legal representatives.

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

9.9. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the laws of the State of California.

9.10. 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.

9.11. Headings. Descriptive headings of sections or paragraphs of this Agreement are for convenience of reference only and do not constitute a part of this Agreement.

9.12. 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 pushed to the first business day thereafter.

9.13. Notice. All notices or other communications between the Parties required in connection with this Agreement shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by U.S. Mail or the same day if sent by email, addressed as follows:

To Plaintiff:

Ferraro Vega Employment Lawyers, Inc.
Attn: Nicholas J. Ferraro
3333 Camino del Rio South, Suite 300
San Diego, CA 92108 USA
nick@ferrarovega.com / classactions@ferrarovega.com
www.ferrarovega.com

To Defendants:

Wilson Turner Kosmo LLP
Attn: Emily J. Fox
Address 402 West Broadway, Suite 1600
Address San Diego, California 92101
Email: efox@wilsonturnerkosmo.com

9.14. Execution in Counterparts. This Agreement may be executed using physical and/or electronic signatures (i.e. DocuSign, SignRequest, Adobe Sign, etc.), which shall be accepted as originals for purposes of this Agreement. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

SIGNATURES

I have read this Agreement and agree to its terms.

Plaintiff Michael Bradley

Date: May 21, 2025

Michael Z. Bradley

Michael Bradley

Defendants The Crack Shack Enterprises, LLC; The Crack Shack Little Italy, LLC; The Crack Shack Costa Mesa, LLC; The Crack Shack Encinitas, LLC; The Crack Shack Pacific Beach, LLC

Date: ______________________

____

By: Dan Peña

Title: Director of Operations

SIGNATURES

I have read this Agreement and agree to its terms.

Plaintiff Michael Bradley

Date: ______________________ ________________________________

Michael Bradley

Defendants The Crack Shack Enterprises, LLC; The Crack Shack Little Italy, LLC; The Crack Shack Costa Mesa, LLC; The Crack Shack Encinitas, LLC; The Crack Shack Pacific Beach, LLC

Date: 5/29/2025 ________________________________

By: Dan Peña

Title: Director of Operations