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

13 CARLOS MARQUEZ, ABRAM IZQUIERDO-
14 DUARTE, ROLANDO DE LUNA, and
15 BRENDA BARRAGAN, individually, on behalf
of all others similarly situated, and on behalf of
16 the State of California and other aggrieved
person,

17 *Plaintiffs,*

18 v.

19 NAVAL ENGINEERING SUPPORT INC., a
California corporation; and DOES 1 through 10,
20 inclusive,

21 *Defendants.*
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Case No.: 37-2024-00023814-CU-OE-CTL

*[Assigned for All Purposes to the Hon.
Katherine A. Bacal, Dept. C-63]*

**DECLARATION OF ARRASH T.
FATTAHI IN SUPPORT OF PLAINTIFFS'
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION AND
PAGA SETTLEMENT**

Preliminary Approval Hearing:

Date: September 19, 2025

Time: 1:30 p.m.

Dept: C-63

Action Filed: May 22, 2024

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12 Attorneys for Plaintiffs
13 Abram Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan
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I, Arrash T. Fattahi, declare as follows:

CASE BACKGROUND

3. Plaintiffs allege that Defendant's payroll, timekeeping, and wage and hour practices resulted in Labor Code violations. Plaintiffs allege that Defendant failed to pay for all hours worked. Plaintiffs further allege that Defendant failed to provide employees with legally compliant meal and rest periods, and Defendant failed to reimburse business expenses. Based on these allegations, Plaintiffs asserts related claims for failure to timely pay all wages during employment, failure to provide accurate wage statements, failure to pay all final wages at termination, unfair business practices, and civil penalties under PAGA.

4. On May 22, 2024, plaintiff Carlos Marquez filed a putative wage and hour class action complaint 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

1 accurate itemized wage statements; (7) failure to indemnify employees for expenditures; and (8)
2 violation of California’s Unfair Competition Law, Business and Professions Code §§ 17200, et
3 seq. (“Instant Action.”) On June 17, 2024, plaintiffs Abram Izquierdo-Duarte, Rolando De Luna,
4 and Brenda Barragan filed a putative wage and hour class action complaint against Defendant for
5 (1) minimum wage violations; (2) failure to pay overtimes wages; (3) meal period violations; (4)
6 rest period violations; (5) untimely payment of wages; (6) wage statement violations; (7) waiting
7 time penalties; (8) failure to reimburse business expenses; and (9) unfair competition, San Diego
8 Superior Court Case No. 37-2024-00028311-CU-OE-CTL (“Second Action”). The Second Action
9 was consolidated with the Instant Action when Plaintiffs filed a First Amended Class and
10 Representative Action Complaint in the Instant Action against Defendant for (1) failure to pay
11 minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal
12 periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay wages during
13 employment; (6) failure to timely pay final wages at termination; (7) failure to provide accurate
14 itemized wage statements; (8) failure to indemnify employees for expenditures; (9) unfair business
15 practices; and (10) civil penalties under PAGA. Pursuant to PAGA, Plaintiffs gave written to the
16 Labor and Workforce Development Agency (“LWDA”) and Defendant of the specific provisions
17 of the Labor Code alleged to have been violated, including the facts and theories in support.
18 Plaintiff Abram Izquierdo-Duarte gave such notice on June 13, 2024; plaintiffs Rolando De Luna
19 and Brenda Barragan gave such notice on June 17, 2024; and plaintiff Carlos Marquez gave such
20 notice on June 21, 2024. Attached as **Exhibit 1** is a true and correct copy of plaintiff Abram
21 Izquierdo-Duarte’s PAGA letter. Attached as **Exhibit 2** is a true and correct copy of plaintiff
22 Rolando De Luna’s PAGA letter. Attached as **Exhibit 3** is a true and correct copy of plaintiff
23 Brenda Barragan’s PAGA letter. Attached as **Exhibit 4** is a true and correct copy of plaintiff Carlos
24 Marquez’s PAGA letter. As part of this Motion, Plaintiffs are seeking leave to amend to file a
25 Second Amended Class and Representative Action Complaint to add claims under the Fair Labor
26 Standards Act (“FLSA”). Attached as **Exhibit 5** is a true and correct copy of Plaintiff’s redlined
27 draft Second Amended Class and Representative Action Complaint, which they wish to file in
28 substantive form.

DISCOVERY AND INVESTIGATION

5. Following the filing of the initial complaints, the Parties exchanged documents and information before mediating this action. Defendant produced a sampling of timekeeping and pay records for the class members. In its informal discovery responses, Defendant also provided documents of its wage and hour policies and practices during the class period, and information regarding the total number of current and former employees.

6. After reviewing documents regarding Defendant's wage and hour policies and practices and analyzing Defendant's timekeeping and payroll records, Class Counsel was able to evaluate the probability of class certification, success on the merits, and Defendant's maximum monetary exposure for all claims. Class Counsel also investigated the applicable law regarding the claims and defenses asserted in the litigation. Class Counsel reviewed these records and utilized an expert to prepare a damages analysis prior to mediation.

SETTLEMENT NEGOTIATIONS

7. On May 23, 2025, the Parties participated in a private mediation with experienced class action mediator, the Hon. Jan M. Adler, Ret. The settlement negotiations were at arm's length and, although conducted in a professional manner, were adversarial. The Parties went into the mediation willing to explore the potential for a settlement of the dispute, but each side was also prepared to litigate their position through trial and appeal if a settlement had not been reached.

8. After extensive negotiations and discussions regarding the strengths and weaknesses of Plaintiff's claims and Defendant's defenses, the Parties were able to reach a resolution, the material terms of which are encompassed within the Settlement. Attached as **Exhibit 6** is a true and correct copy of the Class Action and PAGA Settlement Agreement and Notice of Class Action Settlement ("Settlement Agreement").

9. Class Counsel submitted the proposed Settlement to the LWDA before filing the Motion for Preliminary Approval. Attached as **Exhibit 7** is a true and correct copy of the confirmation of submission to the LWDA.

10. Plaintiffs' counsel requested several bids from experienced class action settlement administrators to handle the responsibilities of the Settlement Administrator under this Settlement.

1 The Parties accepted the bid of Phoenix Settlement Administrators (“Phoenix”). Phoenix has
2 multiple years of experience in the field of class action administration, particularly in the wage and
3 hour arena. Phoenix’s bid accounts for notice in English only. Attached as **Exhibit 8** is a true and
4 correct copy of Phoenix’s bid.

5 11. No one at Wilshire Law Firm, PLC (meaning the law firm itself and anyone
6 employed at the law firm) has any interest, financial or otherwise, in the proposed third-party
7 administrator, Phoenix. No one at Wilshire Law Firm, PLC has any actual or potential conflict of
8 interest with any class member. I am not aware of any other pending matter or action asserting
9 claims that will be extinguished or adversely affected by the Settlement.

10 12. Wilshire Law Firm, PLC, counsel for plaintiff Carlos Marquez, has a fee-splitting
11 agreement in this case with Ferraro Vega Employment Lawyers, Inc., counsel for plaintiffs Abram
12 Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan.

13 THE PROPOSED SETTLEMENT IS FAIR AND REASONABLE

14 13. Class Counsel has conducted a thorough investigation into the facts of this case.
15 Based on the Parties’ informal exchange of documents and information and Class Counsel’s own
16 independent investigation and evaluation, Class Counsel is of the opinion that the Settlement is
17 fair, reasonable, and adequate and is in the best interests of the Settlement Class Members in light
18 of all known facts and circumstances, the risk of significant delay, the defenses that could be
19 asserted by Defendant both to certification and on the merits, trial risk, and appellate risk.

20 14. Based on an analysis of the facts and legal contentions in this case, documents and
21 information from Defendant, I evaluated Defendant’s maximum exposure. I took into account the
22 risk of not having the claims certified and the risk of not prevailing at trial, even if the claims are
23 certified. After using the data Defendant provided, including class member timekeeping and
24 payroll records, as well as class member demographics (i.e., the number of class members,
25 workweeks, and average total compensation of the class), with the assistance of a statistics expert,
26 I created a damages model to evaluate the realistic range of potential recovery for the class. The
27 damages model is based on the following benchmarks:

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- a. Total Class Members: 278
- b. Terminated Class Members: 227
- c. Total Workweeks: 11,454
- d. PAGA Pay Periods: 6,661
- e. Aggrieved Employees: 161
- f. Average Hourly Rate: \$31.90

15. Based on Plaintiffs' discovery and investigation, Class Counsel reached the conclusion that Defendant: failed to pay class members for all hours worked, including minimum, straight time, and overtime wages, by requiring employees to work off-the-clock; had a policy and practice of not providing its employees with California compliant meal and rest periods for which it did not pay appropriate premiums; and failed to reimburse its employees for business-related expenses. Defendant denies these claims.

16. Plaintiffs allege that Defendant failed to pay for all hours worked, including minimum, straight time, and overtime wages, by requiring class members to work off-the-clock, unpaid. For purposes of calculating Defendant's liability based on a best-case scenario for Plaintiffs and the Class, I estimate that Defendant's maximum potential exposure by assuming that all unpaid work time should have been paid at the overtime rate, and I assumed that Defendant is liable for two (2) hours of unpaid worktime per workweek. This results in an estimate of approximately \$1,096,147.80 (11,454 workweeks x \$31.90 hourly rate x 1.5 overtime rate x 2 hours of unpaid work per workweek), but I applied a risk discount based on a 40% chance of succeeding at class certification and a 30% chance of succeeding at trial on the merits because liability depends on whether Defendant knew or should have known that class members were working off-the-clock, yielding a realistic damage estimate of approximately \$131,537.74 (\$1,096,147.80 x 40% x 30%).

17. With respect to the meal period claim, Plaintiffs allege that Defendant required them and similarly situated class members to either work in lieu of taking meal periods, or their meal periods were untimely or interrupted. Plaintiffs further allege that Defendant's own records reflect facially non-complaint meal periods. My expert analyzed Defendant's timekeeping records and

1 found that at least 64.9% of the meal-period-eligible shifts in the randomized sampling had meal
2 period violations consisting of short, late, or missed meal periods. Therefore, potential liability for
3 the meal period claim is approximately \$136,392.02 (6,588 shifts greater than 5.00 hours x \$31.90
4 hourly rate x 64.9% violation rate). After taking into account the difficulty of certifying and
5 proving meal period claims, as well as Defendant's contention that the claim lacks merit, I
6 discounted this figure based on a 50% chance of succeeding at class certification and a 40% chance
7 of succeeding at trial, yielding a realistic damage estimate of approximately \$27,278.40
8 (\$136,392.02 x 50% x 40%).

9 18. With respect to the rest period claim, Plaintiffs allege that Defendant required them
10 and similarly situated class members to work in lieu of taking rest periods, remain on-call during
11 their rest periods or their rest periods were interrupted. Assuming a 50% violation rate for the class
12 period based on Plaintiffs' and other class members' experience working for Defendant,
13 Defendant's potential liability for the rest period claim is approximately \$213,921.40 (6,706 shifts
14 of 3.50 hours or longer x \$31.90 hourly rate x 100% violation rate). However, I discounted this
15 figure to account for the difficulty of certifying and proving rest period claims, particularly because
16 rest periods do not have to be recorded, and to account for the possibility of Class Members
17 voluntarily choosing to forego a rest period. Because this claim would have relied exclusively on
18 Class Member testimony, I discounted this claim based on a 20% chance of succeeding at class
19 certification and a 20% chance of succeeding at trial, yielding a realistic damage estimate of
20 approximately \$8,556.86 (\$213,921.40 x 20% x 20%).

21 19. Plaintiffs further allege that Defendant failed to reimburse necessary business
22 expenses. Defendant's employees (including Plaintiffs) were frequently required to: use their
23 personal cell phones to communicate with each other and their supervisors about work-related
24 duties; and purchase their own tools and protective gear to satisfactorily perform their job duties
25 (e.g. masks, etc.). For purposes of calculating Defendant's liability based on a best-case scenario
26 for Plaintiffs and the Class, I estimated that Defendant was liable to each class member for \$75.00
27 per month, or \$18.75 per workweek, in unreimbursed expenses, for a total amount of approximately
28 \$214,762.50 (\$18.75 x 11,454 workweeks); however, I discounted this figure based on an

1 evaluation of a 40% chance of succeeding at class certification and a 40% chance of succeeding at
2 trial to account for the difficulty of certifying and proving expense reimbursement claims, yielding
3 a realistic damage estimate of approximately \$34,362.00 ($\$214,762.50 \times 40\% \times 40\%$).

4 20. In sum, I estimated that Plaintiffs' maximum recovery for the off-the-clock claim,
5 meal period violations, rest period violations, and failure to reimburse expenses is approximately
6 \$1.66 million, but, after factoring in the risk and uncertainty of prevailing at certification and trial,
7 I estimate that Plaintiff's realistic estimated recovery for the non-penalty claims is approximately
8 \$201,735.00.

9 21. With respect to Plaintiff's derivative claims for statutory and civil penalties,
10 Plaintiffs estimated that Defendant's realistic potential liability is approximately \$403,115.55.
11 Defendant's maximum potential liability for waiting time penalties is approximately
12 \$1,737,912.00 (227 employees x \$31.90 hourly rate x 8.00 hours/day x 30 days = \$1,737,912.00)
13 based on approximately 227 terminated class members during the 3-year statute of limitations
14 period; approximately \$838,200.00 for inaccurate wage statements based on penalties for
15 approximately 189 class members who worked during the 1-year statute of limitations period, then
16 extrapolated to the class period; and approximately \$666,100.00 for PAGA violations based on the
17 Court assessing a \$100 penalty for initial violations for all 6,661 pay periods within the PAGA
18 period. In light of the foregoing, I believe that it would be unrealistic to expect the Court to award
19 the full \$3,242,212.00 in penalties given Defendant's defenses, the contested nature of Plaintiff's
20 claims, the challenges of establishing willfulness as applicable, and the discretionary nature of
21 penalties. Considering that the underlying claims are realistically estimated to be approximately
22 \$201,735.00, such a disproportionate award would also raise due process concerns. As such, I
23 discounted these figures to account for the risk and uncertainty of prevailing at trial, resulting in a
24 realistic evaluation of approximately \$208,549.44 ($\$1,737,912.00 \times 40\% \times 30\%$) for waiting time
25 penalty claims, approximately \$100,584.00 ($\$838,200.00 \times 40\% \times 30\%$) for wage statement
26 penalty claims, and \$66,610.00 for PAGA penalties ($\$666,100.00 \times 10\%$), or approximately
27 \$375,743.44 total for statutory and civil penalties.

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1 22. Using these estimated figures, Plaintiff predicted that the realistic maximum
2 recovery for all claims, including penalties, would be approximately \$577,478.44. This means that
3 the \$250,000.00 gross settlement figure represents approximately 43% of the realistic maximum
4 recovery ($\$250,000.00 / \$577,478.44 = 43.3\%$). Considering the risk and uncertainty of prevailing
5 at class certification and at trial, this is an excellent result for the Class.¹ Indeed, because of the
6 proposed Settlement, class members will receive timely, guaranteed relief and will avoid the risk
7 of an unfavorable judgment.

8 23. While Plaintiffs are confident in the merits of their claims, a legitimate controversy
9 exists as to each cause of action. Plaintiffs also recognize that proving the amount of wages due to
10 each class member would be an expensive, time-consuming, and uncertain proposition.

11 24. This Settlement avoids the risks and the accompanying expense of further litigation.
12 Although the Parties had engaged in a significant amount of investigation, informal discovery and
13 class-wide data analysis, the Parties had not yet completed formal written discovery. Plaintiffs
14 intended to depose corporate officers and managers of Defendant. Moreover, preparation for class
15 certification and a trial remained for the Parties, as well as the prospect of appeals in the wake of
16 a disputed class certification ruling for Plaintiffs and/or adverse summary judgment ruling. Had
17 the Court certified any claims, Defendant could move to decertify the claims. As a result, the
18 Parties would incur considerably more attorneys' fees and costs through trial.

19 25. The Net Settlement Amount available for settlement payments is estimated to be
20 approximately \$75,500.00 for a class of approximately 278 persons.² As a result, each Settlement
21 Class Member is eligible to receive an average net benefit of approximately \$271.58.

22 26. The proposed Settlement of \$250,000.00, therefore, represents a substantial
23 recovery when compared to Plaintiffs' reasonably forecasted recovery. When considering the risks

24 ¹ See, e.g., *Wise v. Ulta Salon, Cosmetics & Fragrance, Inc.* (E.D. Cal. Aug. 21, 2019) 2019 WL 3943859 at
25 *8 (granting preliminary approval where the proposed allocation to settle class claims was between 9.53 percent of
26 Plaintiffs' maximum recovery); *Bravo v. Gale Triangle, Inc.* (C.D. Cal. Feb 16, 2017) 2017 WL 708766 at * 10
27 (finding that "a settlement for fourteen percent recovery of Plaintiffs' maximum recovery is reasonable"); *In re*
28 *Omnivision Techs., Inc.* (N.D. Cal. 2008) 559 F.Supp.2d 1036, 1042 (approving settlement amount that "is just over
9% of the maximum potential recovery asserted by either party.").

² The estimated Net Settlement Amount is: \$250,000.00 minus \$87,500.00 for Class Counsel's attorneys' fees, minus \$25,000.00 for Class Counsel's litigation expenses, minus \$7,000.00 for administration costs, minus \$25,000.00 for the PAGA payments, and minus \$30,000.00 for the class representative service payment to Plaintiffs.

1 of litigation, the uncertainties involved in achieving class certification, the burdens of proof
2 necessary to establish liability, the probability of appeal of a favorable judgment, it is clear that the
3 settlement amount of \$250,000.00 is well within the “ballpark” of reasonableness, and preliminary
4 settlement approval is appropriate.

5 SERVICE PAYMENT FOR PLAINTIFF IS REASONABLE

6 27. Class Counsel represent that Plaintiffs devoted a great deal of time and work
7 assisting counsel in the case, communicated with counsel very frequently for litigation and to
8 prepare for mediation, and was frequently in contact with Class Counsel during the mediation.
9 Plaintiffs’ requested service payments are reasonable, particularly in light of the substantial
10 benefits Plaintiffs generated for all class members.

11 28. Throughout this litigation, Plaintiffs, who are former employees of Defendant, have
12 cooperated immensely with my office and have taken many actions to protect the interests of the
13 class. Plaintiffs provided valuable information regarding the off-the-clock, meal period, rest
14 period, and indemnity claims. Plaintiffs also informed Class Counsel of developments and
15 information relevant to this action, participated in decisions concerning this action, and made
16 themselves available to answer questions during the mediation. Plaintiffs provided Class Counsel
17 with documents regarding the claims alleged in this action. The information and documentation
18 provided by Plaintiffs were instrumental in establishing the wage and hour violations alleged in
19 this action, and the recovery provided for in the Settlement Agreement would have been impossible
20 to obtain without Plaintiffs’ participation.

21 29. At the same time, Plaintiffs faced many risks in adding themselves as the class
22 representatives in this matter. Plaintiffs faced actual risks with their future employment, as putting
23 themselves on public record in an employment lawsuit could also very well affect their likelihood
24 for future employment.

25 30. In turn, class members will now have the opportunity to participate in a settlement,
26 reimbursing them for alleged wage violations they may have never known about on their own or
27 been willing to pursue on their own. If these class members would have each tried to pursue their
28 legal remedies on their own, that would have resulted in each having to expend a significant amount

1 of their own monetary resources and time, which were obviated by Plaintiffs putting themselves
2 on the line on behalf of these other class members.

3 31. In the final analysis, this class action would not have been possible without the aid
4 of Plaintiffs, who put their own time and effort into this litigation and placed themselves at risk for
5 the sake of the class members. The requested service payment for Plaintiffs for their service as the
6 class representatives is a relatively small amount of money when the time and effort put into the
7 litigation are considered, and in comparison to enhancements granted in other class actions. The
8 requested service payment is therefore reasonable to compensate Plaintiffs for their active
9 participation in this lawsuit.

10 THE REQUEST FOR ATTORNEYS' FEES AND COSTS IS REASONABLE

11 32. The Settlement provides for attorneys' fees payable to Class Counsel in an amount
12 up to 35% of the Settlement Amount, for a maximum fees award of \$87,500.00, plus actual costs
13 and expenses not to exceed \$25,000.00. The proposed award of attorneys' fees to Class Counsel
14 in this case can be justified under either method – lodestar or percentage recovery. Class Counsel
15 intends to provide justification of their requested attorneys' fees and costs at final approval.

16 33. I am informed and believe that the fee and costs provision is reasonable. The fee
17 percentage requested is less than that charged by my office for most employment cases. My office
18 invested significant time and resources into the case, with payment deferred to the end of the case,
19 and then, of course, contingent on the outcome.

20 34. It is further estimated that my office will need to expend at least another 50 to 100
21 hours to monitor the process leading up to the final approval and payments made to the class. My
22 office also bears the risk of taking whatever actions are necessary if Defendant fails to pay.

23 35. The risk to my office has been very significant, particularly if we would not be
24 successful in pursuing this class action. In that case, we would have been left with no compensation
25 for all the time taken in litigating this case. The contingent risk in these types of cases is very real
26 and they do occur regularly. Furthermore, we were precluded from focusing on, or taking on, other
27 cases which could have resulted in a larger, and less risky, monetary gain.

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1 36. Because most individuals cannot afford to pay for representation in litigation on an
2 hourly basis, Wilshire Law Firm, PLC represents virtually all its employment law clients on a
3 contingency fee basis. Pursuant to this arrangement, we are not compensated for our time unless
4 we prevail at trial or successfully settle our clients' cases. Because Wilshire Law Firm, PLC is
5 taking the risk that we will not be reimbursed for our time unless our client settles or wins his or
6 her case, we cannot afford to represent an individual employee on a contingency basis if, at the
7 end of our representation, all we are to receive is our regular hourly rate for services. It is essential
8 that we recover more than our regular hourly rate when we win if we are to remain in practice so
9 we can continue representing other individuals in civil rights employment disputes.

10 MY EXPERIENCE AND QUALIFICATIONS

11 37. Wilshire Law Firm, PLC was selected by Best Lawyers and U.S. News & World
12 Report as one of the nation's Best Law Firms for every year since 2020 and is comprised of over
13 120 attorneys and over 600 total employees. Wilshire Law Firm, PLC is actively and continuously
14 practicing in employment litigation, representing employees in both individual and class actions
15 in both state and federal courts throughout California.

16 38. Wilshire Law Firm, PLC is qualified to handle this litigation because its attorneys
17 are experienced in litigating Labor Code violations in both individual, class action, and
18 representative action cases. Wilshire Law Firm, PLC has handled, and is currently handling,
19 numerous wage and hour class action lawsuits, as well as class actions involving consumer rights
20 and data privacy litigation.

21 39. I graduated from the University of California, Los Angeles with a Bachelor of Arts
22 in Political Science, *summa cum laude*. I received my Juris Doctor from The George Washington
23 University Law School. During law school, I was a member of the student editorial board for the
24 Federal Circuit Bar Journal.

25 40. My practice is focused on advocating for the rights of consumers and employees in
26 class action litigation. I am currently the managing attorney in charge of litigating several class
27 action cases in state and federal courts in California.

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1 41. As the attorney responsible for day-to-day management of this matter at Wilshire
2 Law Firm, PLC, I have over four (4) years of experience litigating wage and hour class actions.
3 Over the past four (4) plus years, I have managed and assisted with the litigation and settlement of
4 numerous wage and hour class actions. In those class actions, I performed similar tasks as those
5 performed in the course of prosecuting this action.

6 42. I was selected as a “Southern California Rising Star” in 2025.

7 43. My current contingent billing rate of \$750 per hour is consistent with the legal
8 market, accepted hourly rates, and my expertise and knowledge as it pertains to wage and hour
9 matters. Below is a non-exhaustive list of the cases where I have been appointed as class counsel
10 in my own right (as opposed to being part of a firmwide appointment of counsel):

- 11 a. *Kingsbury v. Caravan Foods II, Inc.*, Alameda County, Case No. RG21096357;
12 Motion for Final Approval granted on January 31, 2023.
- 13 b. *Frias-Estrada v. Trek Retail Corporation*, Contra Costa County, Case No. MSC20-
14 01916; Motion for Final Approval granted on March 3, 2023.
- 15 c. *Reyes v. Everytable, PBC, et al.*, Los Angeles County, Case No. 21STCV35987;
16 Motion for Final Approval granted on May 3, 2023.
- 17 d. *Ortiz v. Tara Materials, Inc.*, San Diego County, Case No. 37-2021-0001473-CU-
18 OE-CTL; Motion for Final Approval granted on May 30, 2023.
- 19 e. *Cruz-Sanchez v. Eagle Lath & Plaster, Inc.*, Sacramento County, Case No. 34-2021-
20 00293739-CU-OE-GDS; Motion for Final Approval granted on May 30, 2023.
- 21 f. *Garduno v. New Generation Framing, Inc., et al.*, Stanislaus County, Case No. CV-
22 21-000544; Motion for Final Approval granted on August 11, 2023.
- 23 g. *Hernandez, et al. v. Burford Farming Company, Inc.*, Fresno County, Case No.
24 21CECG03817; Motion for Final Approval granted on August 21, 2023.
- 25 h. *Barajas v. Final Phase Construction, Inc.*, San Bernardino County, Case No.
26 CIVSB2118622; Motion for Final Approval granted on September 13, 2023.
- 27 i. *Jaimes, et al. v. Infiniti Health LLC*, Los Angeles County, Case No. 22STCV07261;
28 Motion for Final Approval granted on October 17, 2023.

- j. *Nunez v. Gabriel Container*, Los Angeles County, Case No. 21STCV09787; Motion for Final Approval granted on November 2, 2023.
- k. *Lupercio v. Western CNC, Inc.*, San Diego County, Case No. 37-2021-00010314-CU-OE-CTL; Motion for Final Approval granted on January 26, 2024.
- l. *Jackson, et al. v. Apple Valley Communications, Inc., et al.*, San Bernardino County, Case No. CIVSB2124721; Motion for Final Approval granted on February 1, 2024.
- m. *Cuadras, et al. v. Guinn Corporation*, Kern County, Case No. BCV-21-101520; Motion for Final Approval granted on February 22, 2024.
- n. *Williams v. Total Longterm Care, Inc., et al.*, San Bernardino County, Case No. CIVSB2213347; Motion for Final Approval granted on April 2, 2024.
- o. *Meza v. Argus Management Company, LLC, et al.*, Los Angeles County, Case No. 21STCV31612; Motion for Final Approval granted on May 20, 2024.
- p. *Wade v. Mallory Safety and Supply LLC*, Siskiyou County, Case No. 23CV00951; Motion for Final Approval granted on July 11, 2024.
- q. *Snell v. Shasta Community Health Center*, Shasta County, Case No. CVCV22-199416; Motion for Final Approval granted on November 12, 2024.
- r. *Arce v. Sammy's Woodfired Pizza*, San Diego County, Case No. 37-2023-00037670-CU-OE-CTL; Motion for Final Approval granted on January 10, 2025.
- s. *Ochoa, et al. v. La Tavola, LLC*, Napa County, Case No. 22CV000862; Motion for Final Approval granted on January 23, 2025.
- t. *Brown, et al. v. Fidelity Security Services, Inc.*, Los Angeles County, Case No. 21STCV31617; Motion for Final Approval granted on January 28, 2025.
- u. *Torres v. Lupton Excavation, Inc.*, Sacramento County, Case No. 34-2022-00317401-CU-OE-GDS; Motion for Final Approval granted on April 18, 2025.
- v. *Peterson v. PJ Printers*, Orange County, Case No. 30-2022-01247546-CU-OE-CTL; Motion for Final Approval granted on April 25, 2025.
- w. *Harris v. D&D Gear Incorporated dba Absolute Technologies, Inc.*, Orange County, Case No. 30-2021-01222330-CU-OE-CTL; Motion for Final Approval

granted on April 25, 2025.

x. *Carter v. Medlab2020, Inc.*, Orange County, Case No. 30-2022-01247444-CU-OE-CXC; Motion for Final Approval granted on May 22, 2025.

y. *Guarista, et al. v. Urologic Institute of the High Desert, Inc.*, San Bernardino County, Case No. CIVSB2125029; Motion for Final Approval granted on June 17, 2025.

z. *Carbajal v. Mattco Forge, Inc.*, Los Angeles County, Case No. 23STCV12264; Motion for Final Approval granted on July 28, 2025.

44. Courtney M. Miller (“Ms. Miller”) is a Settlement Attorney at Wilshire Law Firm, PLC. She was admitted to practice law in the State of California in 2019. Ms. Miller graduated from the University of California, Santa Cruz, with a Bachelor of Arts in Sociology. She received her Juris Doctor from Southwestern Law School in 2019. Ms. Miller has prosecuted wage and hour class and PAGA actions, almost exclusively, since 2020. As a handling attorney, Ms. Miller obtained over \$30 million dollars in settlements on behalf of California employees. Ms. Miller’s hourly billing rate is \$600.00.

45. Lisa B. Iturriaga (“Ms. Iturriaga”) is a Settlement Attorney at Wilshire Law Firm, PLC. She was admitted to practice law in the State of California in 2021. Ms. Iturriaga graduated from University of South Florida with a Bachelor of Science in Finance and a Bachelor of Arts in Marketing. She received her Juris Doctor from Chapman University Dale E. Fowler School of Law. After graduating law school, Ms. Iturriaga initially practiced insurance defense. Beginning in 2023, she has exclusively worked on Plaintiff-side wage and hour cases. Ms. Iturriaga’s hourly billing rate is \$550.00.

46. Arman A. Salehi (“Mr. Salehi”) is an Associate Attorney at Wilshire Law Firm, PLC. He was admitted to practice law in the State of California in 2023. Mr. Salehi graduated from the University of California, Los Angeles, with a Bachelor of Arts in Sociology. He received his Juris Doctor from the University of California College of the Law, San Francisco (formerly known as U.C. Hastings). Since November 2023, Mr. Salehi’s practice has mainly been focused on wage and hour class action litigation. Mr. Salehi’s hourly billing rate is \$600.00.

1 47. Justin F. Marquez (“Mr. Marquez”) was a Senior Partner at Wilshire Law Firm,
2 PLC. He was admitted to practice law in the State of California in 2009. Mr. Marquez graduated
3 from the University of California, Los Angeles’s College Honors Program in 2004 with Bachelor
4 of Arts degrees in History and Japanese, *magna cum laude* and *Phi Beta Kappa*. As an
5 undergraduate, he also received a scholarship to study abroad for one (1) year at Tokyo University
6 in Tokyo, Japan. He received his Juris Doctor from Notre Dame Law School in 2008. He has
7 received numerous awards for his legal work. From 2017 to 2020, Super Lawyers selected him as
8 a “Southern California Rising Star,” and from 2022 to 2025, he was selected as a “Southern
9 California Super Lawyer.” He was selected as one of the “Best Lawyers in America” from 2023 to
10 2025. In 2016 and 2017, the National Trial Lawyers selected him as a “Top 40 Under 40” attorney.
11 In 2024, he, along with his colleagues at Wilshire Law Firm, PLC, received a CLAY (California
12 Lawyer Attorneys of the Year) award for his work on a false advertising case against Apple which
13 ultimately led to a \$25 million settlement. Mr. Marquez’s hourly rate while at Wilshire Law Firm,
14 PLC was \$1,500 per hour.

15 48. The reasonableness of Wilshire Law Firm, PLC’s hourly rates is also supported by
16 several surveys of legal rates, including the following:

17 a. The 2022 Real Rate Report survey compiled by Wolters Kluwer, which presents the
18 real market rates of Los Angeles area attorneys who practice litigation. For that category, the third
19 quartile 2022 rate was \$1,045 per hour for partners and \$855 for associates. Likewise, page 32 of
20 the Report describes the rates charged by 183 Los Angeles partners with “21 or more years of
21 experience” and “Fewer than 21 years.” For those categories, the third quartile Los Angeles partner
22 rate in 2022 were \$1,133 per hour for 21 or more years and \$1,075 for attorneys with fewer than
23 21 years. A true and correct copy of portions of the 2022 Real Rate Report is attached hereto as
24 **Exhibit 9.**

25 b. In an article entitled “Big Law Rates Topping \$2,000 Leave Value ‘In Eye of
26 Beholder,’” written by Roy Strom and published by Bloomberg Law on June 9, 2022, the author
27 describes how Big Law firms have crossed the \$2,000-per hour rate. The article also notes that law
28 firm rates have been increasing by just under 3% per year. A true and correct copy of this article

1 is attached hereto as **Exhibit 10**.

2 I declare under penalty of perjury under the laws of the State of California and the United
3 States that the foregoing is true and correct.

4 Executed on September 8, 2025, at Irvine, California.

5 

6
7 Arrash T. Fattahi

EXHIBIT 1

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

Nicholas J. Ferraro
nick@ferrarovega.com
Lauren N. Vega
lauren@ferrarovega.com

ATTORNEYS AT LAW
3333 Camino del Rio South, Suite 300
San Diego, California 92108

619-693-7727
619-350-6855 fax
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June 13, 2024

NOTICE OF LABOR CODE VIOLATIONS CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Naval Engineering Support Inc.
2602 Hoover Ave., Suite 102
National City, California 91950

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **ABRAM IZQUIERDO-DUARTE** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

NAVAL ENGINEERING SUPPORT INC.

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79. Plaintiff maintains standing to pursue these claims against Defendants, as Plaintiff experienced one or more of the alleged violations during the relevant statutory period, which continue through the present date. *Cf. Johnson v. Maxim Healthcare Servs., Inc.*, 281 Cal. Rptr. 3d 478, 481 (Cal. Ct. App. 2021).

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Foreman from about August 2023 to April 2024. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants' violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage **Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

First, Defendants engaged in an unlawful policy and practice of time editing. Defendants routinely made edits to Plaintiff’s and, on information and belief, other aggrieved employees’ time records without their knowledge or authorization. Specifically, Defendants engaged in an unlawful practice of time shaving where Defendants removed hours worked. Defendants additionally inserted false meal periods to make it appear as if they took a compliant meal period, when in reality Plaintiff and the aggrieved employees worked through this time. This unlawful practice of time editing resulted in unpaid hours worked.

Second, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work.

For example, Plaintiff and the aggrieved employees to work through their meal periods. Specifically, Plaintiff and the aggrieved employees would clock out for meal periods but continue working or not clock out for a meal period at all (which would then be edited by Defendants to make it appear as if a compliant meal period was taken). Plaintiff and the aggrieved employees would be required to review their hours before they were submitted. Failure to approve the hours would result in not getting paid. Additionally, the aggrieved employees were required to complete work before and after clocking in and out for the day.

As a result, Defendants failed to pay Plaintiff and the aggrieved employees for all hours worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558

(\$50/\$100), 1197.1 (\$100/\$250), 1199 / “Penalties” section of the IWC Wage Orders (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Overtime
Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee;” and “any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee;” and “any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendants failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

As stated in the “Unpaid Hours Worked” section above, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work and engaging in unlawful time editing to make it appear as if a compliant meal period was taken, or otherwise remove hours worked. To the extent that these unlawful practices resulted in unpaid hours worked over 8 hours in a day or 40 hours in a week this resulted in unpaid overtime.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / “Penalties” section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages
Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

First, Plaintiff and the aggrieved employees routinely experienced missed, late, short, and interrupted meal periods in order to keep up with the high demands of the job and in order to meet project deadlines.

For example, due to the nature of the work Plaintiff and, on information and belief, the other aggrieved employees worked with epoxy and other time sensitive material that required they finish a project before taking a break. As a result, Plaintiff and the aggrieved employees often experienced late or missed meal periods. This prevented Plaintiff and the aggrieved employees from taking lawful meal periods.

An illustrative example is shown on Plaintiff's time records below:

EMP L NAM	EMP F NAM	EMP##	DATE	IN	OUT	TOTAL
IZQUIERDO	ABRAM		8/14/2023	5:00 AM	1:30 PM	8:30
IZQUIERDO	ABRAM		8/14/2023	11:00 AM	11:30 AM	:30
IZQUIERDO	ABRAM		8/15/2023	5:00 AM	1:30 PM	8:30
IZQUIERDO	ABRAM		8/15/2023	10:30 AM	11:00 AM	:30
IZQUIERDO	ABRAM		8/16/2023	5:14 AM	1:31 PM	8:17
IZQUIERDO	ABRAM		8/16/2023	10:10 AM	10:43 AM	:33
IZQUIERDO	ABRAM		8/17/2023	5:08 AM	3:30 PM	10:22
IZQUIERDO	ABRAM		8/17/2023	11:00 AM	11:30 AM	:30
IZQUIERDO	ABRAM		8/18/2023	5:00 AM	1:30 PM	8:30
IZQUIERDO	ABRAM		8/18/2023	9:59 AM	10:29 AM	:30
IZQUIERDO	ABRAM		8/19/2023	5:13 AM	1:30 PM	8:17
IZQUIERDO	ABRAM		8/19/2023	11:00 AM	11:30 AM	:30

Extract of Plaintiff's Time Records

Here, Plaintiff's records show Plaintiff experienced several late meal periods taken after the fifth hour of work. In the pay period from 8/14/2023 to 8/20/2023 Defendants failed to pay Plaintiff any meal periods for the four noncompliant meal periods in violation of Labor Code 226.7.

Additionally, Plaintiff and the aggrieved employees also experienced missed meal periods, typically when working over the weekends due to the pressure to complete projects as soon as possible and meet deadlines. On these days, Plaintiff and the aggrieved employees were required to clock out and keep working to make it appear as if a compliant meal period was taken and avoid paying all owed meal period premiums.

Each time Plaintiff and the aggrieved employees experienced a noncompliant meal period, they were owed a meal period premium. As a matter of policy and practice, Plaintiff and the aggrieved employees were not provided meal period premiums in lieu of missed meal periods as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages
Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

As a matter of common policy and practice, Defendants failed to provide all rest periods to which Plaintiff and the aggrieved employees were entitled. As mentioned above, the nature of work that Plaintiff and the aggrieved employees did often required them to continue working until the job was complete and without any time to take a compliant break. This prevented Plaintiff and the aggrieved employees from taking lawful rest periods. 226.7 and 516.

Further, when Plaintiff and other aggrieved employees experienced these missed and interrupted rest periods, Defendants failed to pay rest period premiums at the regular rate as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment
Violation of Labor Code §§ 204, 204b, 210

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of “all wages” for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid “not more than seven calendar days following the close of the payroll period.” Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides “every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty” of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As explained above, Defendant failed to pay Plaintiff and the aggrieved employees all wages owed for regular, overtime, and meal and rest period premiums. Therefore, Defendant failed to pay all wages owed no later than seven (7) calendar days following the close of the payroll period in violation of Labor Code section 204(a).

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Untimely Payment of Wages Upon Separation of Employment **Violation of Labor Code §§ 201, 202, 203, 256**

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours’ notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours’ notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties

for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, “an accurate itemized statement in writing showing:” (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of “gross wages earned” on those wage statements.

Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Defendant violated Labor Code section 226(a)(2) by failing to accurately list employees’ “total hours worked,” as the wage statements did not accurately include the uncompensated time Plaintiff and other aggrieved employees worked due to Defendant’s policy and practice of time editing and off-the-clock work.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow

confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendants violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State.”

Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. Plaintiff and the aggrieved employees were required to use their personal cell phones and purchase tools to complete their required job duties. Defendants were aware that the aggrieved employees were required to use their personal cell phones and supply their own work tools and did not provide reimbursement in violation of Labor Code section 2804. Thus, in direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records
Violation of Labor Code § 1174; IWC Wage Orders

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Attorneys’ Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys’ fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendants’ written employment and payroll policies and handbooks; the aggrieved employees’ personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

If you have any questions regarding the scope of your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly

scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,

A handwritten signature in black ink that reads "Elyssa Martinez". The signature is written in a cursive, flowing style.

Elyssa Martinez

Cc Plaintiff Abram Izquierdo-Duarte
Hamilton & Associates, APC – Counsel for Defendant
alec@hm-lawyers.com
ben@hm-lawyers.com
michelle@hm-lawyers.com

EXHIBIT 2

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

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June 17, 2024

NOTICE OF LABOR CODE VIOLATIONS CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Naval Engineering Support Inc.
2602 Hoover Ave., Suite 102
National City, California 91950

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **ROLANDO DE LUNA** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

NAVAL ENGINEERING SUPPORT INC.

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79. Plaintiff maintains standing to pursue these claims against Defendants, as Plaintiff experienced one or more of the alleged violations during the relevant statutory period, which continue through the present date. *Cf. Johnson v. Maxim Healthcare Servs., Inc.*, 281 Cal. Rptr. 3d 478, 481 (Cal. Ct. App. 2021).

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Deck Installer from about July 2023 to April 2024. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants' violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage **Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

First, Defendants engaged in an unlawful policy and practice of time editing. Defendants routinely made edits to Plaintiff’s and, on information and belief, other aggrieved employees’ time records without their knowledge or authorization. Specifically, Defendants engaged in an unlawful practice of time shaving where Defendants removed hours worked. Defendants additionally inserted false meal periods to make it appear as if they took a compliant meal period, when in reality Plaintiff and the aggrieved employees worked through this time. This unlawful practice of time editing resulted in unpaid hours worked.

Second, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work.

For example, Plaintiff and the aggrieved employees were required to work through their meal periods. Specifically, Plaintiff and the aggrieved employees were ordered to clock a 30 minute meal period, despite often working through their meal periods due to the pressure from the workload. If no meal period was clocked Defendants often would add one or otherwise edit meal periods to make them appear to be compliant. Plaintiff and the aggrieved employees would be required to review and approve their hours before they were submitted. Failure to approve the hours would result in not getting paid. Additionally, the aggrieved employees were required to complete work before and after clocking in and out for the day.

As a result, Defendants failed to pay Plaintiff and the aggrieved employees for all hours worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1197.1 (\$100/\$250), 1199 / “Penalties” section of the IWC Wage Orders (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Overtime
Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee;” and “any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee;” and “any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendants failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

As stated in the “Unpaid Hours Worked” section above, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work and engaging in unlawful time editing to make it appear as if a compliant meal period was taken, or otherwise remove hours worked. To the extent that these unlawful practices resulted in unpaid hours worked over eight (8) hours in a day or forty (40) hours in a week this resulted in unpaid overtime.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / “Penalties” section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages
Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

First, Plaintiff and the aggrieved employees routinely experienced missed, late, short, and interrupted meal periods in order to keep up with the high demands of the job and in order to meet project deadlines.

An illustrative example is shown on Plaintiff's time records below:

Mon	04/22/24	1012	05:00 AM	02:47 PM	9:47	
		LUNCH	11:00 AM	11:30 AM	-:30	
		1012	DAILY OVERTIME 1		-1:17	1:17
Tue	04/23/24	1012	05:00 AM	01:29 PM	8:29	
		LUNCH	12:30 PM	01:00 PM	-:30	
Wed	04/24/24	1012	06:00 AM	02:46 PM	8:46	
		LUNCH	11:00 AM	11:30 AM	-:30	
		1012	DAILY OVERTIME 1		-:16	:16
Thu	04/25/24	1012	06:00 AM	03:02 PM	9:02	
		LUNCH	11:01 AM	11:26 AM	-:25	
		1012	DAILY OVERTIME 1		-:37	:37
Fri	04/26/24	1012	06:00 AM	02:30 PM	8:30	
		LUNCH	11:02 AM	11:27 AM	-:25	
		1012	DAILY OVERTIME 1		-:05	:05

Extract of Plaintiff's Time Records

Here, Plaintiff's records show Plaintiff experienced several late meal periods taken after the fifth hour of work. In the pay period from 4/22/2024 to 4/28/2024 Defendants failed to pay Plaintiff any meal periods for the five (5) noncompliant meal periods in violation of Labor Code section 226.7.

Additionally, Plaintiff and the aggrieved employees also experienced missed meal periods, typically when working over the weekends due to the pressure to complete projects as soon as possible and meet deadlines. On these days, Plaintiff and the aggrieved employees were required to clock out and keep working to make it appear as if a compliant meal period was taken and avoid paying all owed meal period premiums.

Each time Plaintiff and the aggrieved employees experienced a noncompliant meal period, they were owed a meal period premium. As a matter of policy and practice, Plaintiff and the aggrieved employees were not provided meal period premiums in lieu of missed meal periods as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages
Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

As a matter of common policy and practice, Defendants failed to provide all rest periods to which Plaintiff and the aggrieved employees were entitled. As mentioned above, the nature of work that Plaintiff and the aggrieved employees did often required them to continue working until the job was complete and without any time to take a compliant break. This prevented Plaintiff and the aggrieved employees from taking lawful rest periods in violation of Labor Codes 226.7 and 516.

Further, when Plaintiff and other aggrieved employees experienced these missed and interrupted rest periods, Defendants failed to pay rest period premiums at the regular rate as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment
Violation of Labor Code §§ 204, 204b, 210

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of “all wages” for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid “not more than seven calendar days following the close of the payroll period.” Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides “every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty” of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As explained above, Defendant failed to pay Plaintiff and the aggrieved employees all wages owed for regular, overtime, and meal and rest period premiums. Therefore, Defendant failed to pay all wages owed no later than seven (7) calendar days following the close of the payroll period in violation of Labor Code section 204(a).

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Untimely Payment of Wages Upon Separation of Employment **Violation of Labor Code §§ 201, 202, 203, 256**

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours’ notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours’ notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties

for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, “an accurate itemized statement in writing showing:” (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of “gross wages earned” on those wage statements.

Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Defendant violated Labor Code section 226(a)(2) by failing to accurately list employees’ “total hours worked,” as the wage statements did not accurately include the uncompensated time Plaintiff and other aggrieved employees worked due to Defendant’s policy and practice of time editing and off-the-clock work.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow

confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendants violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State.”

Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. Plaintiff and the aggrieved employees were required to use their personal cell phones and purchase tools and protective gear to complete their required job duties. Specifically, Plaintiff worked as a Deck Installer and was not provided masks to protect himself when removing old paint and working on the deck. Defendants were aware that the aggrieved employees were required to use their personal cell phones and supply their own work tools and did not provide reimbursement in violation of Labor Code section 2804. Thus, in direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records
Violation of Labor Code § 1174; IWC Wage Orders

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Attorneys’ Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys’ fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendants’ written employment and payroll policies and handbooks; the aggrieved employees’ personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

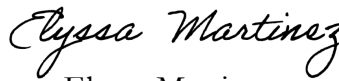
If you have any questions regarding the scope of your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,



Elyssa Martinez

Cc Plaintiff ROLANDO DE LUNA
Hamilton & Associates, APC – Counsel for Defendant
alec@hm-lawyers.com
ben@hm-lawyers.com
michelle@hm-lawyers.com

EXHIBIT 3

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

Nicholas J. Ferraro
nick@ferrarovega.com
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June 17, 2024

NOTICE OF LABOR CODE VIOLATIONS CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Naval Engineering Support Inc.
2602 Hoover Ave., Suite 102
National City, California 91950

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **BRENDA BARRAGAN** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

NAVAL ENGINEERING SUPPORT INC.

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79. Plaintiff maintains standing to pursue these claims against Defendants, as Plaintiff experienced one or more of the alleged violations during the relevant statutory period, which continue through the present date. *Cf. Johnson v. Maxim Healthcare Servs., Inc.*, 281 Cal. Rptr. 3d 478, 481 (Cal. Ct. App. 2021).

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Painter from about November 2020 to April 2024. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants' violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage **Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

First, Defendants engaged in an unlawful policy and practice of time editing. Defendants routinely made edits to Plaintiff’s and, on information and belief, other aggrieved employees’ time records without their knowledge or authorization. Specifically, Defendants engaged in an unlawful practice of time shaving where Defendants removed hours worked. Defendants additionally inserted false meal periods to make it appear as if they took a compliant meal period, when in reality Plaintiff and the aggrieved employees worked through this time. This unlawful practice of time editing resulted in unpaid hours worked.

Second, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work.

For example, Plaintiff and the aggrieved employees were required to work through their meal periods. Specifically, Plaintiff and the aggrieved employees were ordered to clock a 30-minute meal period, despite often working through their meal periods due to the pressure from the workload. If no meal period was clocked, Defendants often would add one or otherwise edit meal periods to make them appear to be compliant. Plaintiff and the aggrieved employees would be required to review and approve their hours before they were submitted. Failure to approve the hours would result in not getting paid. Additionally, the aggrieved employees were required to complete work before and after clocking in and out for the day.

As a result, Defendants failed to pay Plaintiff and the aggrieved employees for all hours worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1197.1 (\$100/\$250), 1199 / “Penalties” section of the IWC Wage Orders (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Overtime
Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee;” and “any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee;” and “any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendants failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

As stated in the “Unpaid Hours Worked” section above, Defendants engaged in an unlawful policy and practice of requiring off-the-clock work and engaging in unlawful time editing to make it appear as if a compliant meal period was taken, or otherwise remove hours worked. To the extent that these unlawful practices resulted in unpaid hours worked over eight (8) hours in a day or forty (40) hours in a week this resulted in unpaid overtime.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / “Penalties” section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages
Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

First, Plaintiff and the aggrieved employees routinely experienced missed, late, short, and interrupted meal periods in order to keep up with the high demands of the job and in order to meet project deadlines.

An illustrative example of late meal periods is shown on Plaintiff's time records below:

Mon	04/22/24	NES.N	05:00 AM	02:40 PM	9:40
		LUNCH	11:00 AM	11:30 AM	-:30
		NES.N	DAILY OVERTIME 1		-1:10
			05:00 AM	01:31 PM	
			Buenos días , esta mañana no podía entrar ala aplicación para ponchar alas 5 gracias		
Tue	04/23/24	NES.N			8:31
		LUNCH	12:30 PM	01:00 PM	-:30
		NES.N	DAILY OVERTIME 1		-:01
Wed	04/24/24	NES.N	06:00 AM	02:30 PM	8:30
		LUNCH	11:00 AM	11:30 AM	-:30
Thu	04/25/24	NES.N	06:00 AM	03:01 PM	9:01
		LUNCH	11:00 AM	11:30 AM	-:30
		NES.N	DAILY OVERTIME 1		-:31
Fri	04/26/24	NES.N	06:00 AM	02:30 PM	8:30
		LUNCH	11:02 AM	11:27 AM	-:25
		NES.N	DAILY OVERTIME 1		-:05

Extract of Plaintiff's Time Records

Here, Plaintiff's records show Plaintiff experienced several late meal periods taken after the fifth hour of work. In the pay period from 4/22/2024 to 4/28/2024 Defendants failed to pay Plaintiff any meal periods for the five (5) noncompliant meal periods in violation of Labor Code section 226.7.

Additionally, Plaintiff and the aggrieved employees also experienced missed meal periods, typically when working over the weekends due to the pressure to complete projects as soon as possible and meet deadlines. On these days, Plaintiff and the aggrieved employees were required to clock out and keep working to make it appear as if a compliant meal period was taken and avoid paying all owed meal period premiums.

Each time Plaintiff and the aggrieved employees experienced a noncompliant meal period, they were owed a meal period premium. As a matter of policy and practice, Plaintiff and the aggrieved employees were not provided meal period premiums in lieu of missed meal periods as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages
Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

As a matter of common policy and practice, Defendants failed to provide all rest periods to which Plaintiff and the aggrieved employees were entitled. As mentioned above, the nature of work that Plaintiff and the aggrieved employees did often required them to continue working until the job was complete and without any time to take a compliant break. This prevented Plaintiff and the aggrieved employees from taking lawful rest periods in violation of Labor Codes 226.7 and 516.

Further, when Plaintiff and other aggrieved employees experienced these missed and interrupted rest periods, Defendants failed to pay rest period premiums at the regular rate as required by Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment
Violation of Labor Code §§ 204, 204b, 210

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of “all wages” for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid “not more than seven calendar days following the close of the payroll period.” Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides “every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty” of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As explained above, Defendant failed to pay Plaintiff and the aggrieved employees all wages owed for regular, overtime, and meal and rest period premiums. Therefore, Defendant failed to pay all wages owed no later than seven (7) calendar days following the close of the payroll period in violation of Labor Code section 204(a).

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Untimely Payment of Wages Upon Separation of Employment **Violation of Labor Code §§ 201, 202, 203, 256**

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours’ notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours’ notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties

for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, “an accurate itemized statement in writing showing:” (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of “gross wages earned” on those wage statements.

Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Defendant violated Labor Code section 226(a)(2) by failing to accurately list employees’ “total hours worked,” as the wage statements did not accurately include the uncompensated time Plaintiff and other aggrieved employees worked due to Defendant’s policy and practice of time editing and off-the-clock work.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow

confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendants violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State.”

Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. Plaintiff and the aggrieved employees were required to use their personal cell phones and purchase tools to complete their required job duties. Defendants were aware that the aggrieved employees were required to use their personal cell phones and supply their own work tools and did not provide reimbursement in violation of Labor Code section 2804. Thus, in direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records
Violation of Labor Code § 1174; IWC Wage Orders

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Attorneys’ Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys’ fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendants’ written employment and payroll policies and handbooks; the aggrieved employees’ personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

If you have any questions regarding the scope of your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly

scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,


Elyssa Martinez

Cc Plaintiff BRENDA BARRAGAN
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EXHIBIT 4

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Arlene Elyasi, Esq.
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Arman A. Salehi, Esq.

June 21, 2024

LWDA

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

Naval Engineering Support Inc.
2602 Hoover Avenue, Suite 102
National City, California 91950
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6620 2778 11

Ben-Thomas Hamilton
Agent for Service of Process for:
Naval Engineering Support Inc.
3110 Camino Del Rio South, Suite 203
San Diego, California 92108
(Via Certified Mail, Return Receipt Requested)
#9489 0090 0027 6620 2778 28

Re: **Carlos Marquez v. Naval Engineering Support Inc.**
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Carlos Marquez ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employer Naval Engineering Support Inc. ("Defendant"). 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 Defendant engaged in with respect to Plaintiff and all of Defendant's Aggrieved Employees.

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

Plaintiff and the Aggrieved Employees suffered the Labor Code violations described below.

Plaintiff's Employment with Defendant

Defendant owns/owned and operates/operated an industry, business, and establishment within the State of California, including San Diego County. As such, and based upon all the facts and circumstances incident to Defendant's business in California, Defendant is subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff is a resident of San Diego County, California who worked for Defendant in San Diego County, California as an hourly-paid, non-exempt employee from approximately December 2023 to approximately April 2024. During Plaintiff's employment for Defendant, Defendant paid Plaintiff an hourly wage and classified him as non-exempt from overtime. Defendant typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

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

Defendant Failed 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, Defendant maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendant required Plaintiff and the Aggrieved Employees to work "off-the-clock",

uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work prior to clocking in for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendant also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees 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, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by 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 Plaintiff and the Aggrieved Employees permission to take a meal period. Accordingly, Defendant's policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees 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, Defendant has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them 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 Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees 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 by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendant's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

Plaintiff and the Aggrieved Employees 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). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees 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 its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendant 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, during all such times, Defendant systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendant, all wages for all rest periods not authorized and permitted by Defendant, and all wages for all hours worked. As a result, Defendant owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees 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

Plaintiff 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.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees 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 attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the California Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees 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.

Within the applicable statute of limitations, the employment of Plaintiff 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, Defendant failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, 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 Defendant's 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.

Defendant's 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, Plaintiff and the Aggrieved Employees are entitled to recover from Defendant 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, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall 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, Defendant failed to furnish Plaintiff and the Aggrieved Employees 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 Defendant violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not

exceeding four thousand dollars (\$4,000) per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) provides that employers shall indemnify his or her 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, Defendant wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant. Plaintiff and the Aggrieved Employees regularly paid out-of-pocket for necessary employment-related expenses, including, without limitation, use of personal cell phones. Plaintiff and the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendant, but Defendant failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and the Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

In light of the above, Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing 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 to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 204 by failing to pay all earned wages two times per month;
5. California Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements; and
8. Labor Code § 2802 by failing to indemnify for necessary expenditures.

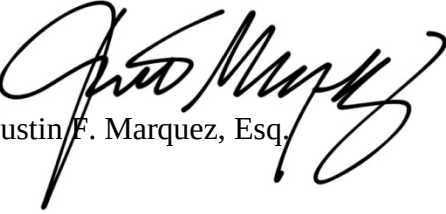
Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699(f)(2).

LWDA
Notice of Labor Code Violations and PAGA
June 21, 2024
Page 8 of 8

Plaintiff has placed Defendant 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



Justin F. Marquez, Esq.

EXHIBIT 5

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[Additional counsel on following page]

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

CARLOS MARQUEZ, ABRAM IZQUIERDO-
DUARTE, ROLANDO DE LUNA, and
BRENDA BARRAGAN, individually, on behalf
of all others similarly situated, and on behalf of
the State of California and other aggrieved
persons,

Plaintiffs,

v.

NAVAL ENGINEERING SUPPORT INC., a
California corporation; and DOES 1 through 10,
inclusive,

Defendants.

Case No.: 37-2024-00023814-CU-OE-CTL

CLASS ACTION

**SECOND AMENDED CONSOLIDATED
CLASS & REPRESENTATIVE ACTION
COMPLAINT:**

1. Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197);
2. Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198);
3. Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512);
4. Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7);
5. Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218);
6. Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203);
7. Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226);
8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802);
9. Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, *et seq.*);
10. Civil Penalties Under PAGA (Cal. Lab. Code § 2699, *et seq.*); and
11. Violation of the Fair Labor Standards Act ("FLSA") 29 U.S.C. § 201, *et seq.* (Failure to Pay Minimum Wage and Overtime Compensation)

DEMAND FOR JURY TRIAL

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1 Plaintiffs CARLOS MARQUEZ, ABRAM IZQUIERDO-DUARTE, ROLANDO DE
2 LUNA, and BRENDA BARRAGAN (“Plaintiffs”), based upon facts that either have evidentiary
3 support or are likely to have evidentiary support after a reasonable opportunity for further
4 investigation and discovery, allege as follows:

5 **INTRODUCTION & PRELIMINARY STATEMENT**

6 1. Plaintiffs bring this action against Defendant NAVAL ENGINEERING SUPPORT
7 INC. and DOES 1 through 10 (hereinafter collectively referred to as “Defendants”) for California
8 Labor Code violations and unfair business practices stemming from Defendants’ failure to pay for
9 all hours worked (minimum, straight time, and overtime wages), failure to provide meal periods,
10 failure to authorize and permit rest periods, failure to timely pay wages during employment, failure
11 to timely pay final wages, failure to furnish accurate wage statements, and failure to indemnify
12 employees for expenditures. Plaintiffs also allege that Defendants violated the Fair Labor
13 Standards Act (“FLSA”) stemming from Defendants’ failure to pay minimum wage and overtime
14 compensation.

15 2. Plaintiffs bring the First through Ninth Causes of Action individually and as a class
16 action on behalf of themselves and certain current and former employees of Defendants
17 (hereinafter collectively referred to as the “Class” or “Class Members,” and defined more fully
18 below). The Class consists of Plaintiffs and all other persons who have been employed by any
19 Defendant in California as an hourly-paid or non-exempt employee during the statute of limitations
20 period applicable to the claims pleaded here.

21 3. Plaintiffs bring the Tenth Cause of Action as a representative action under the
22 California Private Attorneys General Act (“PAGA”) to recover civil penalties that are owed to
23 them, the State of California, and past and present non-exempt employees employed by Defendants
24 in the State of California during the statute of limitations period for their PAGA claim (hereinafter
25 referred to as the “Aggrieved Employees”).

26 4. Defendants own/owned and operate/operated an industry, business, and
27 establishment within the State of California, including San Diego County. As such, and based
28 upon all the facts and circumstances incident to Defendants’ business in California, Defendants are

1 subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission
2 (“IWC”), and the California Business & Professions Code.

3 5. Despite these requirements, throughout the statutory period, Defendants maintained
4 a systematic, company-wide policy and practice of:

- 5 (a) Failing to pay employees for all hours worked, including all minimum,
6 straight time, and overtime wages in compliance with the California Labor
7 Code and IWC Wage Orders;
- 8 (b) Failing to provide employees with timely and duty-free meal periods in
9 compliance with the California Labor Code and IWC Wage Orders, failing
10 to maintain accurate records of all meal periods taken or missed, and failing
11 to pay an additional hour’s pay for each workday a meal period violation
12 occurred;
- 13 (c) Failing to authorize and permit employees to take timely and duty-free rest
14 periods in compliance with the California Labor Code and IWC Wage
15 Orders, and failing to pay an additional hour’s pay for each workday a rest
16 period violation occurred;
- 17 (d) Willfully failing to pay employees all minimum, straight time, overtime,
18 meal period premium, and rest period premium wages due within the time
19 period specified by California law during employment;
- 20 (e) Willfully failing to pay employees all minimum, straight time, overtime,
21 meal period premium, and rest period premium wages due within the time
22 period specified by California law when employment terminates;
- 23 (f) Failing to provide employees with accurate, itemized wage statements
24 containing all the information required by the California Labor Code and
25 IWC Wage Orders; and
- 26 (g) Failing to indemnify employees for expenditures incurred in direct discharge
27 of duties of employment.

28 6. On information and belief, Defendants, and each of them were on actual and

1 constructive notice of the improprieties alleged herein and intentionally refused to rectify their
2 unlawful policies. Defendants’ violations, as alleged above, during all relevant times herein were
3 willful and deliberate.

4 7. At all relevant times, Defendants were and are legally responsible for all of the
5 unlawful conduct, policies, practices, acts and omissions as described in each and all of the
6 foregoing paragraphs as the employers of Plaintiffs, the Class, and the Aggrieved Employees.
7 Further, Defendants are responsible for each of the unlawful acts or omissions complained of
8 herein under the doctrine of “respondeat superior.”

9 **THE PARTIES**

10 **A. Plaintiffs**

11 8. Plaintiff CARLOS MARQUEZ is resident of San Diego County, California who
12 worked for Defendants in San Diego County, California as an hourly-paid, non-exempt employee
13 from approximately December 2023 to approximately April 2024.

14 9. Plaintiff ABRAM IZQUIERDO-DUARTE is an individual over 18 years of age
15 who worked for Defendants in California as an hourly-paid, non-exempt employee from
16 approximately August 2023 to approximately April 2024. Plaintiff ABRAM IZQUIERDO-
17 DUARTE worked as a Foreman.

18 10. Plaintiff ROLANDO DE LUNA is an individual over 18 years of age who worked
19 for Defendants in California as an hourly-paid, non-exempt employee from approximately July
20 2023 to approximately April 2024. Plaintiff ROLANDO DE LUNA worked as a Deck Installer.

21 11. Plaintiff BRENDA BARRAGAN is an individual over 18 years of age who worked
22 for Defendants in California as an hourly-paid, non-exempt employee from approximately
23 November 2020 to approximately April 2024. Plaintiff BRENDA BARRAGAN worked as a
24 Painter.

25 12. Plaintiffs reserve the right to seek leave to amend this complaint to add new
26 Plaintiffs, if necessary, in order to establish suitable representative(s) pursuant to *La Sala v.*
27 *American Savings and Loan Association* (1971) 5 Cal.3d 864, 872, and other applicable law.
28

1 **B. Defendants**

2 13. Plaintiffs are informed and believe, and based upon that information and belief
3 allege, that Defendant NAVAL ENGINEERING SUPPORT INC. is, and at all times herein
4 mentioned, was:

5 (a) A California corporation qualified to do business and actually conducting
6 business in numerous counties throughout the State of California, including
7 in San Diego County; and,

8 (b) The former employer of Plaintiffs and the current and/or former employer
9 of the putative Class and Aggrieved Employees because Defendant NAVAL
10 ENGINEERING SUPPORT INC. suffered and permitted Plaintiffs, the
11 Class, and the Aggrieved Employees to work, and/or controlled their wages,
12 hours, or working conditions.

13 14. Plaintiffs do not know the true names or capacities of the persons or entities sued
14 herein as Does 1-10, inclusive, and therefore sues said Defendants by such fictitious names. Each
15 of the Doe Defendants was in some manner legally responsible for the damages suffered by
16 Plaintiffs, the Class, and the Aggrieved Employees as alleged herein. Plaintiffs will amend this
17 complaint to set forth the true names and capacities of these Defendants when they have been
18 ascertained, together with appropriate charging allegations, as may be necessary.

19 15. At all times mentioned herein, the Defendants named as Does 1-10, inclusive, and
20 each of them, were residents of, doing business in, availed themselves of the jurisdiction of, and/or
21 injured a significant number of the Plaintiffs, the Class, and the Aggrieved Employees in the State
22 of California.

23 16. Plaintiffs are informed and believe and thereon allege that at all relevant times each
24 Defendant, directly or indirectly, or through agents or other persons, employed Plaintiffs and the
25 other employees described in the class definitions below, and exercised control over their wages,
26 hours, and working conditions. Plaintiffs are informed and believe and thereon allege that, at all
27 relevant times, each Defendant was the principal, agent, partner, joint venturer, officer, director,
28 controlling shareholder, subsidiary, affiliate, parent corporation, successor in interest and/or

1 predecessor in interest of some or all of the other Defendants, and was engaged with some or all
2 of the other Defendants in a joint enterprise for profit, and bore such other relationships to some
3 or all of the other Defendants so as to be liable for their conduct with respect to the matters alleged
4 below. Plaintiffs are informed and believe and thereon allege that each Defendant acted pursuant
5 to and within the scope of the relationships alleged above, that each Defendant knew or should
6 have known about, and authorized, ratified, adopted, approved, controlled, aided and abetted the
7 conduct of all other Defendants.

8 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

9 17. Plaintiffs worked for Defendants in California as hourly-paid, non-exempt
10 employees. During Plaintiffs' employment for Defendants, Defendants paid Plaintiffs hourly
11 wages and classified them as non-exempt from overtime. Defendants typically scheduled Plaintiffs
12 to work at least five days in a workweek and at least eight hours per day, but Plaintiffs regularly
13 worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

14 18. Throughout Plaintiffs' employment, Defendants failed to pay for all hours worked
15 (including minimum, straight time, and overtime wages), failed to provide Plaintiffs with legally
16 compliant meal periods, failed to authorize and permit Plaintiffs to take rest periods, failed to pay
17 timely wages during employment, failed to timely pay all final wages to Plaintiffs when Defendants
18 terminated their employment, failed to furnish accurate wage statements to Plaintiffs, and failed to
19 indemnify Plaintiffs for expenditures. As discussed below, Plaintiffs' experience working for
20 Defendants was typical and illustrative.

21 19. Throughout the statutory period, Defendants maintained a policy and practice of not
22 paying Plaintiffs, the Class, and the Aggrieved Employees for all hours worked, including
23 minimum, straight time, and overtime wages. Defendants required Plaintiffs, the Class, and the
24 Aggrieved Employees to work "off-the-clock," uncompensated, by, for example, requiring
25 Plaintiffs, the Class, and the Aggrieved Employees to perform work prior to clocking in for the
26 workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay
27 for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiffs,
28 the Class, and the Aggrieved Employees worked.

1 20. Throughout the statutory period, Defendants maintained a policy and practice of
2 time editing which resulted in Plaintiffs, the Class, and the Aggrieved Employees being underpaid.

3 21. Throughout the statutory period, Defendants wrongfully failed to provide Plaintiffs,
4 the Class, and the Aggrieved Employees with legally compliant meal periods. Defendants
5 regularly, but not always, required Plaintiffs, the Class, and the Aggrieved Employees to work in
6 excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free
7 meal period for every five hours of work, or without compensating Plaintiffs, the Class, and the
8 Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work
9 or tenth hour of work. For example, Plaintiff ABRAM IZQUIERDO-DUARTE's time records
10 from the pay period of August 14, 2023 to August 20, 2023 show that he experienced several late
11 meal periods taken after the end of the fifth hour of work; Plaintiff ROLANDO DE LUNA's time
12 records from the pay period of April 22, 2024 to April 28, 2024 show that he experienced several
13 late meal periods taken after the end of the fifth hour of work; and Plaintiff BRENDA
14 BARRAGAN's time records from the pay period of April 22, 2024 to April 28, 2024 show that
15 she experienced several late meal periods taken after the end of the fifth hour of work. Defendants
16 continued to assert control over Plaintiffs, the Class, and the Aggrieved Employees by requiring,
17 pressuring, or encouraging them to perform work tasks which could not be completed without
18 working in lieu of taking mandatory meal periods, or by denying Plaintiffs, the Class, and the
19 Aggrieved Employees permission to take a meal period. Accordingly, Defendants' policy and
20 practice was not to provide meal periods to Plaintiffs, the Class, and the Aggrieved Employees in
21 compliance with California law.

22 22. Throughout the statutory period, Defendants have wrongfully failed to authorize
23 and permit Plaintiffs, the Class, and the Aggrieved Employees to take legally compliant rest
24 periods. Defendants regularly required Plaintiffs, the Class, and the Aggrieved Employees to work
25 in excess of four consecutive hours a day without Defendants authorizing and permitting them to
26 take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major
27 fraction of four hours), or without compensating Plaintiffs, the Class, and the Aggrieved
28 Employees for rest periods that were not authorized or permitted. Instead, Defendants continued

1 to assert control over Plaintiffs, the Class, and the Aggrieved Employees by requiring, pressuring,
2 or encouraging them to perform work tasks which could not be completed without working in lieu
3 of taking mandatory rest periods, or by denying Plaintiffs, the Class, and the Aggrieved Employees
4 permission to take a rest period. Accordingly, Defendants' policy and practice was to not authorize
5 and permit Plaintiffs, the Class, and the Aggrieved Employees to take rest periods in compliance
6 with California law.

7 23. Throughout the statutory period, Defendants willfully failed and refused to timely
8 pay Plaintiffs, the Class, and the Aggrieved Employees all final wages due at their termination of
9 employment. In addition, Plaintiffs' final paychecks did not include payment for all expenditures,
10 minimum wages, straight time wages, overtime wages, meal period premium wages, and rest
11 period premium wages owed to them by Defendants at the conclusion of their employment. On
12 information and belief, Defendants' failure to timely pay Plaintiffs' final wages when their
13 employment terminated was not a single, isolated incident, but was instead consistent with
14 Defendants' policy and practice that applied to Plaintiffs, the Class, and the Aggrieved Employees.

15 24. Throughout the statutory period, Defendants failed to furnish Plaintiffs, the Class,
16 and the Aggrieved Employees with accurate, itemized wage statements showing all applicable
17 hourly rates, all overtime hourly rates, and all gross and net wages earned (including correct hours
18 worked, correct wages for meal periods that were not provided in accordance with California law,
19 and correct wages for rest periods that were not authorized and permitted to take in accordance
20 with California law). As a result of these violations of California Labor Code § 226(a), the
21 Plaintiffs, the Class, and the Aggrieved Employees suffered injury because, among other things:

- 22 (a) the violations led them to believe that they were not entitled to be paid
23 minimum, straight time, overtime, meal period premium, and rest period
24 premium wages, even though they were entitled;
- 25 (b) the violations led them to believe that they had been paid the minimum,
26 straight time, overtime, meal period premium, and rest period premium
27 wages, even though they had not been;
- 28 (c) the violations led them to believe they were not entitled to be paid minimum,

1 straight time, overtime, meal period premium, and rest period premium
2 wages at the correct California rate even though they were entitled;

3 (d) the violations led them to believe they had been paid minimum, straight time,
4 overtime, meal period premium, and rest period premium wages at the
5 correct California rate even though they had not been;

6 (e) the violations hindered them from determining the amounts of minimum,
7 straight time, overtime, meal period premium, and rest period premium
8 wages owed to them;

9 (f) in connection with their employment before and during this action, and in
10 connection with prosecuting this action, the violations caused them to have
11 to perform mathematical computations to determine the amounts of wages
12 owed to them, computations they would not have to make if the wage
13 statements contained the required accurate information;

14 (g) by understating the wages truly due to them, the violations caused them to
15 lose entitlement and/or accrual of the full amount of Social Security,
16 disability, unemployment, and other governmental benefits;

17 (h) the wage statements inaccurately understated the wages, hours, and wage
18 rates to which Plaintiffs, the Class, and the Aggrieved Employees were
19 entitled, and Plaintiffs, the Class, and the Aggrieved Employees were paid
20 less than the wages and wage rates to which they were entitled.

21 Thus, Plaintiffs, the Class, and the Aggrieved Employees are owed the amounts provided for in
22 California Labor Code § 226(e) and injunctive relief under California Labor Code § 226(h).

23 25. Throughout the statutory period, Defendants have wrongfully required Plaintiffs,
24 the Class, and the Aggrieved Employees to pay expenses that they incurred in direct discharge of
25 their duties for Defendants. Plaintiffs, the Class, and the Aggrieved Employees regularly paid out-
26 of-pocket for necessary employment-related expenses, including, without limitation, use of
27 personal cell phones, tools and protective gear, and personal protective equipment (e.g., masks).

28 26. Plaintiffs, the Class, and the Aggrieved Employees incurred substantial expenses

as a direct result of performing their job duties for Defendants, but Defendants failed to indemnify Plaintiffs, the Class, and the Aggrieved Employees for these employment-related expenses.

CLASS ACTION ALLEGATIONS

27. Plaintiffs bring certain claims individually, as well as on behalf of each and all other persons similarly situated, and thus, seek class certification under California Code of Civil Procedure § 382.

28. All claims alleged herein arise under California law for which Plaintiffs seek relief authorized by California law.

29. The proposed Class consists of and is defined as:

All persons who worked for any Defendant in California as an hourly-paid or non-exempt employee at any time during the period beginning four years and 178 days before the filing of the initial complaint in this action and ending when notice to the Class is sent.¹

30. At all material times, Plaintiffs were members of the Class.

31. Plaintiffs undertook this concerted activity to improve the wages and working conditions of all Class Members.

32. There is a well-defined community of interest in the litigation and the Class is readily ascertainable:

(a) Numerosity: The members of the Class (and each subclass, if any) are so numerous that joinder of all members would be unfeasible and impractical. The membership of the entire Class is unknown to Plaintiffs at this time; however, the Class is estimated to be greater than forty (40) individuals and the identity of such membership is readily ascertainable by inspection of Defendants' records.

(b) Typicality: Plaintiffs are qualified to, and will, fairly and adequately protect the interests of each Class Member with whom there is a shared, well-defined community of interest, and Plaintiffs' claims (or defenses, if any)

¹ In response to the COVID-19 pandemic, the Judicial Council of California adopted Emergency Rule 9(a) (California Rules of Court), whereby "statutes of limitations and repose for civil causes of action that exceed 180 days are tolled from April 6, 2020 to October 1, 2020."

are typical of all Class Members' claims as demonstrated herein.

(c) Adequacy: Plaintiffs are qualified to, and will, fairly and adequately protect the interests of each Class Member with whom there is a shared, well-defined community of interest and typicality of claims, as demonstrated herein. Plaintiffs have no conflicts with or interests antagonistic to any Class Member. Plaintiffs' attorneys, the proposed class counsel, are versed in the rules governing class action discovery, certification, and settlement. Plaintiffs have incurred, and throughout the duration of this action, will continue to incur costs and attorneys' fees that have been, are, and will be necessarily expended for the prosecution of this action for the substantial benefit of each class member.

(d) Superiority: A Class Action is superior to other available methods for the fair and efficient adjudication of the controversy, including consideration of:

- 1) The interests of the members of the Class in individually controlling the prosecution or defense of separate actions;
- 2) The extent and nature of any litigation concerning the controversy already commenced by or against members of the Class;
- 3) The desirability or undesirability of concentrating the litigation of the claims in the particular forum; and,
- 4) The difficulties likely to be encountered in the management of a class action.

(e) Public Policy Considerations: The public policy of the State of California is to resolve the California Labor Code claims of many employees through a class action. Indeed, current employees are often afraid to assert their rights out of fear of direct or indirect retaliation. Former employees are also fearful of bringing actions because they believe their former employers might damage their future endeavors through negative references and/or other means. Class actions provide the class members who are not named in the

complaint with a type of anonymity that allows for the vindication of their rights at the same time as their privacy is protected.

33. There are common questions of law and fact as to the Class (and each subclass, if any) that predominate over questions affecting only individual members, including without limitation, whether, as alleged herein, Defendants have:

- (a) Failed to pay Class Members for all hours worked, including minimum, straight time, and overtime wages;
- (b) Failed to provide meal periods and pay meal period premium wages to Class Members;
- (c) Failed to authorize and permit rest periods and pay rest period premium wages to Class Members;
- (d) Failed to provide Class Members with timely wages during employment;
- (e) Failed to provide Class Members with timely final wages;
- (f) Failed to provide Class Members with accurate wage statements;
- (g) Failed to indemnify Class Members for expenditures; and,
- (h) Violated California Business & Professions Code §§ 17200 *et. seq.* as a result of their illegal conduct as described above.

34. This Court should permit this action to be maintained as a class action pursuant to California Code of Civil Procedure § 382 because:

- (a) The questions of law and fact common to the Class predominate over any question affecting only individual members;
- (b) A class action is superior to any other available method for the fair and efficient adjudication of the claims of the members of the Class;
- (c) The members of the Class are so numerous that it is impractical to bring all members of the class before the Court;
- (d) Plaintiffs, and the other members of the Class, will not be able to obtain effective and economic legal redress unless the action is maintained as a class action;

- 1 (e) There is a community of interest in obtaining appropriate legal and equitable
2 relief for the statutory violations, and in obtaining adequate compensation
3 for the damages and injuries for which Defendants are responsible in an
4 amount sufficient to adequately compensate the members of the Class for
5 the injuries sustained;
- 6 (f) Without class certification, the prosecution of separate actions by individual
7 members of the class would create a risk of:
- 8 1) Inconsistent or varying adjudications with respect to individual
9 members of the Class which would establish incompatible standards
10 of conduct for Defendants; and/or,
- 11 2) Adjudications with respect to the individual members which would,
12 as a practical matter, be dispositive of the interests of other members
13 not parties to the adjudications, or would substantially impair or
14 impede their ability to protect their interests, including but not
15 limited to the potential for exhausting the funds available from those
16 parties who are, or may be, responsible Defendants; and,
- 17 (g) Defendants have acted or refused to act on grounds generally applicable to
18 the Class, thereby making final injunctive relief appropriate with respect to
19 the class as a whole.

20 35. Plaintiffs contemplate the eventual issuance of notice to the proposed members of
21 the Class that would set forth the subject and nature of the instant action. The Defendants' own
22 business records may be utilized for assistance in the preparation and issuance of the contemplated
23 notices. To the extent that any further notices may be required, Plaintiffs contemplate the use of
24 additional techniques and forms commonly used in class actions, such as published notice, e-mail
25 notice, website notice, first-class mail, or combinations thereof, or by other methods suitable to the
26 Class and deemed necessary and/or appropriate by the Court.

27 ///

28 ///

1 **FLSA COLLECTIVE ACTION ALLEGATIONS**

2 36. Plaintiffs further bring the twelfth causes of action, the FLSA claims as an “opt-in”
3 collective action pursuant to 29 U.S.C. § 216(b) on their own behalf and on behalf of all other
4 members of the general public similarly situated.

5 37. Plaintiffs seek to represent a FLSA Collective composed of and defined as follows:
6 All persons who worked for any Defendant in California as an hourly-paid or non-
7 exempt employee at any time during the period three years before the filing of the
initial complaint in this action and ending when notice to the Class is sent. (“FLSA
Collective” or “FLSA Collective Members”).

8 38. Plaintiffs are informed and believe that the FLSA Collective Members consist of
9 hundreds of individuals.

10 39. Plaintiffs may find it appropriate or necessary to amend the definition of those
11 covered by the FLSA collective. Plaintiffs reserve the right to continue to refine the FLSA
12 Collective definition. Similarly, although subclasses are not anticipated at this time, Plaintiffs
13 reserve the right to allege or move for subclasses divided along any reasonable point of distinction
14 that might exist among class member and the FLSA Collective.

15 40. Plaintiffs and the FLSA Collective Members are similarly situated in that they
16 were/are all non-exempt employees of Defendant who were subject to Defendants’ common
17 practices, policies, and procedures of willfully and unlawfully failing to pay wages, without
18 abatement or reduction, due for all hours worked, including and not limited to, minimum wages
19 and overtime wages.

20 41. This Action is maintainable as an “opt-in” collective action pursuant to 29 U.S.C. §
21 216(b).

22 42. All potential members of the FLSA Collective should be given notice and be
23 allowed to give their consent in writing to participate in – in other words, to opt into – the FLSA
24 collective pursuant to 29 U.S.C. § 216(b).

25 **FIRST CAUSE OF ACTION**

26 **(By All Plaintiffs Against All Defendants for Failure to Pay Minimum and Straight Time**
27 **Wages for All Hours Worked)**

28 43. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs

1 through 42 in this Complaint.

44. “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.

45. At all relevant times herein mentioned, Defendants knowingly failed to pay to Plaintiffs and the Class compensation for all hours they worked. By their failure to pay compensation for each hour worked as alleged above, Defendants willfully violated the provisions of California Labor Code § 1194, and any additional applicable Wage Orders, which require such compensation to non-exempt employees.

46. Accordingly, Plaintiffs and the Class are entitled to recover minimum and straight time wages for all non-overtime hours worked for Defendants.

47. By and through the conduct described above, Plaintiffs and the Class have been deprived of their rights to be paid wages earned by virtue of their employment with Defendants.

48. By virtue of the Defendants’ unlawful failure to pay additional compensation to Plaintiffs and the Class for their non-overtime hours worked without pay, Plaintiffs and the Class suffered, and will continue to suffer, damages in amounts which are presently unknown to Plaintiffs and the Class and which will be ascertained according to proof at trial.

49. By failing to keep adequate time records required by California Labor Code § 1174(d), Defendants have made it difficult to calculate the full extent of minimum wage compensation due Plaintiffs and the Class.

50. Pursuant to California Labor Code § 1194.2, Plaintiffs and the Class are entitled to recover liquidated damages (double damages) for Defendants’ failure to pay minimum wages.

51. California Labor Code § 204 requires employers to provide employees with all wages due and payable twice a month. Throughout the statute of limitations period applicable to this cause of action, Plaintiffs and the Class were entitled to be paid twice a month at rates required by law, including minimum and straight time wages. However, during all such times, Defendants systematically failed and refused to pay Plaintiffs and the Class all such wages due and failed to pay those wages twice a month.

1 52. Plaintiffs and the Class are also entitled to seek recovery of all unpaid minimum and
2 straight time wages, interest, and reasonable attorneys' fees and costs pursuant to California Labor
3 Code §§ 218.5, 218.6, and 1194(a).

4 **SECOND CAUSE OF ACTION**

5 **(By All Plaintiffs Against All Defendants for Failure to Pay Overtime Wages)**

6 53. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
7 1 through 52 in this Complaint.

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

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

16 56. At all times relevant hereto, Plaintiffs and the Class have worked more than eight
17 hours in a workday and/or more than forty (40) hours in a workweek, as employees of Defendants.

18 57. At all times relevant hereto, Defendants failed to pay Plaintiffs and the Class
19 overtime compensation for the hours they have worked in excess of the maximum hours
20 permissible by law as required by California Labor Code §§ 510 and 1198.

21 58. By virtue of Defendants' unlawful failure to pay additional premium rate
22 compensation to the Plaintiffs and the Class for their overtime hours worked, Plaintiffs and the
23 Class have suffered, and will continue to suffer, damages in amounts which are presently unknown
24 to them but which exceed the jurisdictional minimum of this Court and which will be ascertained
25 according to proof at trial.

26 59. By failing to keep adequate time records required by Labor Code § 1174(d),
27 Defendants have made it difficult to calculate the full extent of overtime compensation due to
28 Plaintiffs and the Class.

1 60. Plaintiffs and the Class also request recovery of overtime compensation according
2 to proof, interest, attorneys' fees and costs pursuant to California Labor Code § 1194(a), as well
3 as the assessment of any statutory penalties against Defendants, in a sum as provided by the
4 California Labor Code and/or other statutes.

5 61. California Labor Code § 204 requires employers to provide employees with all
6 wages due and payable twice a month. The Wage Orders also provide that every employer shall
7 pay to each employee, on the established payday for the period involved, overtime wages for all
8 overtime hours worked in the payroll period. Defendants failed to provide Plaintiffs and the Class
9 with all compensation due, in violation of California Labor Code § 204.

10 **THIRD CAUSE OF ACTION**

11 **(By All Plaintiffs Against All Defendants for Failure to Provide Meal Periods)**

12 62. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
13 1 through 61 in this Complaint.

14 63. Under California law, Defendants have an affirmative obligation to relieve the
15 Plaintiffs and the Class of all duty in order to take their first daily meal periods no later than the
16 start of Plaintiffs' and the Class' sixth hour of work in a workday, and to take their second meal
17 periods no later than the start of the eleventh hour of work in the workday. California Labor Code
18 § 512, and Section 11 of the applicable Wage Orders require that an employer provide unpaid meal
19 periods of at least thirty (30) minutes for each five-hour period worked. It is a violation of
20 California Labor Code § 226.7 for an employer to require any employee to work during any meal
21 period mandated under any Wage Order.

22 64. Despite these legal requirements, Defendants regularly failed to provide Plaintiffs
23 and the Class with both meal periods as required by California law. By their failure to permit and
24 authorize Plaintiffs and the Class to take all meal periods as alleged above (or due to the fact that
25 Defendants made it impossible or impracticable to take these uninterrupted meal periods),
26 Defendants willfully violated the provisions of California Labor Code § 226.7 and the applicable
27 Wage Orders.

28 65. Under California law, Plaintiffs and the Class are entitled to be paid one hour of

1 additional wages for each workday he or she was not provided with all required meal period(s),
2 plus interest thereon.

3 **FOURTH CAUSE OF ACTION**

4 **(By All Plaintiffs Against All Defendants for Failure to Authorize and Permit Rest Periods)**

5 66. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
6 1 through 65 in this Complaint.

7 67. Defendants are required by California law to authorize and permit breaks of ten
8 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than
9 two hours). California Labor Code § 512, the applicable Wage Orders require that the employer
10 permit and authorize all employees to take paid rest periods of ten minutes each for each 4-hour
11 period worked. Thus, for example, if an employee's work time is six hours and ten minutes, the
12 employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself
13 a violation of California's rest break laws. It is a violation of California Labor Code § 226.7 for
14 an employer to require any employee to work during any rest period mandated under any Wage
15 Order.

16 68. Despite these legal requirements, Defendants failed to authorize Plaintiffs and the
17 Class to take rest breaks, regardless of whether employees worked more than four hours in a
18 workday. By their failure to permit and authorize Plaintiffs and the Class to take rest periods as
19 alleged above (or due to the fact that Defendants made it impossible or impracticable to take these
20 uninterrupted rest periods), Defendants willfully violated the provisions of California Labor Code
21 § 226.7 and the applicable Wage Orders.

22 69. Under California law, Plaintiffs and the Class are entitled to be paid one hour of
23 premium wages rate for each workday he or she was not provided with all required rest break(s),
24 plus interest thereon.

25 **FIFTH CAUSE OF ACTION**

26 **(By All Plaintiffs Against All Defendants for Failure to Timely Pay Wages During** 27 **Employment)**

28 70. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs

1 through 69 in this Complaint.

71. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code §§ 204, 204(b), and 210 which require non-exempt employees be timely paid all wages owed each pay period, and which further provide a private right of action for an employer's failure to comply with this obligation. Labor Code § 218 authorizes individuals to sue directly for wages and penalties due under these sections, including Labor Code § 210(c)'s statutory late payment penalties.

72. Defendants willfully failed in their affirmative obligation to timely pay all wages, including paid sick leave and meal and rest premiums, earned by Plaintiffs and class members twice during each calendar month on days designated in advance by the employer as regular paydays (for employees paid on a non-weekly basis) and on the regularly-scheduled weekly payday for weekly employees, if any, in violation of Labor Code sections 204 and 204(b) and the IWC Wage Orders (the "Minimum Wages" sections of the applicable orders).

73. Plaintiffs and class members are entitled to recover the full amount of the unpaid wages, in addition to a statutory penalty in the amount of \$100 for the initial violation for each failure to pay each employee and \$200 for all subsequent violations and for all willful or intentional violations for each failure to pay each employee, plus 25 percent of the amount unlawfully withheld under provided in Labor Code § 210, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

SIXTH CAUSE OF ACTION

(By All Plaintiffs Against All Defendants for Failure to Pay Wages of Discharged Employees – Waiting Time Penalties)

74. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs 1 through 73 in this Complaint.

75. At all times herein set forth, California 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

1 the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in
2 which case the employee is entitled to his or her wages at the time of quitting.

3 76. Within the applicable statute of limitations, the employment of many other members
4 of the Class ended, i.e. was terminated by quitting or discharge, and the employment of others will
5 be. However, during the relevant time period, Defendants failed, and continue to fail to pay
6 terminated Class Members, without abatement, all wages required to be paid by California Labor
7 Code §§ 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their
8 leaving Defendants' employ.

9 77. Defendants' failure to pay those Class members who are no longer employed by
10 Defendants their wages earned and unpaid at the time of discharge, or within seventy-two (72)
11 hours of their leaving Defendants' employ, is in violation of California Labor Code §§ 201 and
12 202.

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

17 79. The Class is entitled to recover from Defendants their additionally accruing wages
18 for each day they were not paid, at their regular hourly rate of pay, up to thirty (30) days maximum
19 pursuant to California Labor Code § 203.

20 80. Pursuant to California Labor Code §§ 218.5, 218.6 and 1194, the Class is also
21 entitled to an award of reasonable attorneys' fees, interest, expenses, and costs incurred in this
22 action.

23 **SEVENTH CAUSE OF ACTION**

24 **(By All Plaintiffs Against All Defendants for Failure to Provide and Maintain Accurate and** 25 **Compliant Wage Records)**

26 81. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
27 1 through 80 in this Complaint.

28 82. At all material times set forth herein, California Labor Code § 226(a) provides that

every employer shall 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.

83. Defendants have intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify the gross wages earned by Plaintiffs and the Class, the failure to list the true “total hours worked by the employee,” and the failure to list the true net wages earned.

84. As a result of Defendants’ violation of California Labor Code § 226(a), Plaintiffs and the Class have suffered injury and damage to their statutorily protected rights.

85. Specifically, Plaintiffs and the members of the Class have been injured by Defendants’ intentional violation of California Labor Code § 226(a) because they were denied both their legal right to receive, and their protected interest in receiving, accurate, itemized wage statements under California Labor Code § 226(a).

86. Calculation of the true wage entitlement for Plaintiffs and the Class is difficult and time consuming. As a result of this unlawful burden, Plaintiffs and the Class were also injured as a result of having to bring this action to attempt to obtain correct wage information following Defendants’ refusal to comply with many of the mandates of California’s Labor Code and related laws and regulations.

87. Plaintiffs and the Class are entitled to recover from Defendants the greater of their actual damages caused by Defendants’ failure to comply with California Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars (\$4,000) per employee.

1 88. Plaintiffs and the Class are also entitled to injunctive relief, as well as an award of
2 attorney's fees and costs to ensure compliance with this section, pursuant to California Labor Code
3 § 226(h).

4 **EIGHTH CAUSE OF ACTION**

5 **(By All Plaintiffs Against All Defendants for Failure to Indemnify Employees for**
6 **Expenditures)**

7 89. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
8 1 through 88 in this Complaint.

9 90. As set forth above, Plaintiffs and the Class were required to incur substantial
10 necessary expenditures and losses in direct consequence of the discharge of their duties or of their
11 obedience to directions of Defendants.

12 91. Defendants violated California Labor Code § 2802, by failing to pay and indemnify
13 Plaintiffs and the Class for necessary expenditures and losses incurred in direct consequence of the
14 discharge of their duties or of their obedience to directions of Defendants.

15 92. As a result, Plaintiffs and the Class were damaged at least in the amounts of the
16 expenses they paid, or which were deducted by Defendants from their wages.

17 93. Plaintiffs and the Class are entitled to reasonable attorney's fees, expenses, and costs
18 of suit pursuant to California Labor Code § 2802(c) and interest pursuant to California Labor Code
19 § 2802(b).

20 **NINTH CAUSE OF ACTION**

21 **(By All Plaintiffs Against All Defendants for Violation of California Business & Professions**
22 **Code §§ 17200, et seq.)**

23 94. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs
24 1 through 93 in this Complaint.

25 95. Defendants, and each of them, are "persons" as defined under California Business
26 & Professions Code § 17201.

27 96. Defendants' conduct, as alleged herein, has been, and continues to be, unfair,
28 unlawful, and harmful to Plaintiffs, other Class members, and to the general public. Plaintiffs seek

1 to enforce important rights affecting the public interest within the meaning of Code of Civil
2 Procedure § 1021.5.

3 97. Defendants' activities, as alleged herein, are violations of California law, and
4 constitute unlawful business acts and practices in violation of California Business & Professions
5 Code §§ 17200, *et seq.*

6 98. A violation of California Business & Professions Code §§ 17200, *et seq.* may be
7 predicated on the violation of any state or federal law. All of the acts described herein as violations
8 of, among other things, the California Labor Code, are unlawful and in violation of public policy;
9 and in addition are immoral, unethical, oppressive, fraudulent and unscrupulous, and thereby
10 constitute unfair, unlawful and/or fraudulent business practices in violation of California Business
11 & Professions Code §§ 17200, *et seq.*

12 **Failure to Pay Minimum and Straight Time Wages**

13 99. Defendants' failure to pay minimum and straight time wages, and other benefits in
14 violation of the California Labor Code constitutes unlawful and/or unfair activity prohibited by
15 California Business & Professions Code §§ 17200, *et seq.*

16 **Failure to Pay Overtime Wages**

17 100. Defendants' failure to pay overtime compensation and other benefits in violation of
18 California Labor Code §§ 510, 1194, and 1198 constitutes unlawful and/or unfair activity
19 prohibited by California Business & Professions Code §§ 17200, *et seq.*

20 **Failure to Provide Meal Periods**

21 101. Defendants' failure to provide meal periods in accordance with California Labor
22 Code §§ 226.7 and 512, and the IWC Wage Orders, as alleged above, constitutes unlawful and/or
23 unfair activity prohibited by California Business & Professions Code §§ 17200, *et seq.*

24 **Failure to Authorize and Permit Rest Periods**

25 102. Defendants' failure to authorize and permit rest periods in accordance with
26 California Labor Code § 226.7 and the IWC Wage Orders, as alleged above, constitutes unlawful
27 and/or unfair activity prohibited by Business and Professions Code §§ 17200, *et seq.*

28 **Failure to Indemnify Business Expenses**

1 103. Defendants' failure to reimburse expenses incurred in accordance with California
2 Labor Code § 2802, as alleged above, constitutes unlawful and/or unfair activity prohibited by
3 California Business & Professions Code §§ 17200, *et seq.*

4 104. By and through their unfair, unlawful and/or fraudulent business practices described
5 herein, the Defendants, have obtained valuable property, money and services from Plaintiffs, and
6 all persons similarly situated, and has deprived Plaintiffs, and all persons similarly situated, of
7 valuable rights and benefits guaranteed by law, all to their detriment.

8 105. Plaintiffs and the Class Members suffered monetary injury as a direct result of
9 Defendants' wrongful conduct.

10 106. Plaintiffs, individually, and on behalf of members of the putative Class, are entitled
11 to, and do, seek such relief as may be necessary to disgorge money and/or property which the
12 Defendants have wrongfully acquired, or of which Plaintiffs and the Class have been deprived, by
13 means of the above-described unfair, unlawful and/or fraudulent business practices. Plaintiffs and
14 the Class are not obligated to establish individual knowledge of the wrongful practices of
15 Defendants in order to recover restitution.

16 107. Plaintiffs, individually, and on behalf of members of the putative class, are further
17 entitled to, and do, seek a declaration that the above-described business practices are unfair,
18 unlawful and/or fraudulent, and injunctive relief restraining the Defendants, and each of them,
19 from engaging in any of the above-described unfair, unlawful and/or fraudulent business practices
20 in the future.

21 108. Plaintiffs, individually, and on behalf of members of the putative class, has no plain,
22 speedy, and/or adequate remedy at law to redress the injuries which the Class Members suffered
23 as a consequence of the Defendants' unfair, unlawful and/or fraudulent business practices. As a
24 result of the unfair, unlawful and/or fraudulent business practices described above, Plaintiffs,
25 individually, and on behalf of members of the putative Class, have suffered and will continue to
26 suffer irreparable harm unless the Defendants, and each of them, are restrained from continuing to
27 engage in said unfair, unlawful and/or fraudulent business practices.

28 109. Plaintiffs also allege that if Defendants are not enjoined from the conduct set forth

herein above, they will continue to avoid paying the appropriate taxes, insurance and other withholdings.

110. Pursuant to California Business & Professions Code §§ 17200, *et seq.*, Plaintiffs and putative Class Members are entitled to restitution of the wages withheld and retained by Defendants during a period that commences four years and 178 days prior to the filing of this complaint; a permanent injunction requiring Defendants to pay all outstanding wages due to Plaintiffs and Class Members; an award of attorneys' fees pursuant to California Code of Civil Procedure § 1021.5 and other applicable laws; and an award of costs.

TENTH CAUSE OF ACTION

(By All Plaintiffs Against All Defendants for Civil Penalties Under the Private Attorneys General Act of 2004, Cal. Lab. Code § 2698, et seq.)

111. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs 1 through 110 in this Complaint.

112. At all times herein mentioned, Defendants were subject to the Labor Code of the State of California and the applicable Industrial Welfare Commission Orders.

113. California Labor Code § 2699(a) specifically provides for a private right of action to recover penalties for violations of the Labor Code: "Notwithstanding any other provision of law, any provision of this code that provides for a civil penalty to be assessed and collected by the Labor and Workforce Development Agency or any of its departments, divisions, commissions, boards, agencies, or employees, for a violation of this code, may, as an alternative, be recovered through a civil action brought by an aggrieved employee on behalf of himself or herself and other current or former employees pursuant to the procedures specified in Section 2699.3."

114. Plaintiffs have exhausted their administrative remedies pursuant to California Labor Code § 2699.3. They gave written notice by online filing to the Labor and Workforce Development Agency and by certified mail to Defendants of the specific provisions of the Labor Code that Defendants have violated against Plaintiffs and current and former aggrieved employees, including the facts and theories to support the violations. Plaintiff Abram Izquierdo-Duarte gave such notice on June 13, 2024; plaintiffs Rolando De Luna and Brenda Barragan gave such notice on June 17,

2024; and plaintiff Carlos Marquez gave such notice on June 21, 2024. Plaintiffs also paid the filing fee.

115. The Labor and Workforce Development Agency has not indicated that it intends to investigate Defendants' Labor Code violations discussed in the notice. Accordingly, Plaintiffs may commence a civil action to recover penalties under Labor Code § 2699 pursuant to § 2699.3 for the violations of the Labor Code described in this Complaint. These penalties include, but are not limited to, penalties under California Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699.

116. Based on the conduct described in this Complaint, Plaintiffs are entitled to an award of civil penalties on behalf of themselves, the State of California, and similarly Aggrieved Employees of Defendants. The exact amount of the applicable penalties, in all, is in an amount to be shown according to proof at trial. These penalties are in addition to all other remedies permitted by law.

117. In addition, Plaintiffs seek an award of reasonable attorney's fees and costs pursuant to California Labor Code § 2699(g)(1), which states, "Any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs."

TENTH CAUSE OF ACTION

(By All Plaintiffs Against All Defendants for Violation of the Fair Labor Standards Act ("FLSA") 29 U.S.C. § 201, et seq.)

118. Plaintiffs incorporate by reference and re-allege as if fully stated herein paragraphs 1 through 117 in this Complaint.

119. At all material times set forth herein, the FLSA provided:

[No] employer shall employ any of his employees who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods in commerce, for a workweek longer than forty hours unless such employee received compensation for his employment in excess of the hours above specified at a rate of not less than one and one-half times the regular rate at which he is employed.

29 U.S.C. § 207(a)(1).

120. At all times relevant to this action, Defendants were engaged in interstate commerce, or in the production of goods for commerce, as defined by the FLSA.

1 121. At all times relevant to this action, Plaintiffs were employees of Defendants within
2 the meaning of 29 U.S.C. § 203 (e)(1) of the FLSA.

3 122. Plaintiffs and the FLSA Collective Members are or were non-exempt employees of
4 Defendants.

5 123. At all times relevant to this action, Plaintiffs and the Collective Class have either
6 (1) engaged in commerce; or (2) engaged in the production of goods for commerce; or (3) were
7 employed in an enterprise engaged in commerce or in the production of goods for commerce.

8 124. At all times relevant to this action, Defendants required Plaintiffs and the Collective
9 Class to work off the clock (“off-the-clock work”), for example, requiring them to perform work
10 prior to clocking in for the workday, yet Defendants failed to pay these employees the federally
11 mandated minimum wage and overtime compensation for all services performed.

12 125. The off-the-clock work performed by Plaintiffs and the Collective class for every
13 work shift is an essential part of their job and these activities and the time associated with these
14 activities is not *de minimis* and is ultimately uncompensated work time.

15 126. Pursuant to the FLSA, 29 U.S.C. § 206, Plaintiffs and the other FLSA Collective
16 Members were entitled to receive minimum wages for all hours worked.

17 127. At all material times set forth herein, Defendants failed to pay Plaintiffs and the
18 other FLSA Collective Members for all hours worked. This work was and is performed for the sole
19 benefit of Defendants and was and is a uniform practice and policy in all of Defendants’ locations.
20 This work resulted and continues to result in Plaintiffs and the other FLSA Collective Members
21 working without any compensation. As such, Defendants owe Plaintiffs and the other FLSA
22 Collective Members compensation for this work at least at a minimum wage rate.

23 128. At all material times set forth herein, Defendants’ failure to pay Plaintiffs and the
24 other FLSA Collective Members minimum wages for all hours worked, as required by the FLSA,
25 violated the provisions of the FLSA and was therefore unlawful. Moreover, Defendants’ failure to
26 pay Plaintiffs and the other FLSA Collective Members’ minimum wages was and is a result of a
27 uniform policy or practice to deny them compensation at least at a minimum wage rate.

28 129. At all material times set forth herein, Plaintiffs and the other FLSA Collective

1 Members worked in excess of forty (40) hours in a workweek; however, the proper overtime
2 compensation was not paid by Defendants. As such, Defendants owe Plaintiffs and the other FLSA
3 Collective Members compensation for work in excess of forty (40) hours in a workweek at an
4 overtime rate.

5 130. Defendants are aware or should have been aware that federal law required it to pay
6 Plaintiffs and the FLSA Collective Class minimum wage and overtime premiums for all hours
7 worked in excess of forty (40) hours per work week.

8 131. Defendants failed to compensate Plaintiffs and the Collective Class their minimum
9 wages and overtime compensation due.

10 132. 1At all material times set forth herein, Defendants' failure to pay Plaintiffs and the
11 other FLSA Collective Members the unpaid balance of overtime compensation, as required by the
12 FLSA, violated the provisions of the FLSA and was therefore unlawful. Moreover, Defendants'
13 failure to pay Plaintiffs and the other FLSA Collective Members overtime compensation was and
14 is a result of a uniform policy or practice to deny overtime compensation to them.

15 133. 1At all material times Defendants' failure to pay Plaintiffs and the other FLSA
16 Collective Members was the result of Defendants' willful, knowing, and intentional violation of
17 the provisions of the FLSA, or alternatively Defendants' reckless disregard for the requirements
18 of those provisions. At all relevant times set forth, Defendants were aware that their uniform
19 policies and practices are illegal and that Plaintiffs and the other FLSA Collective Members must
20 be compensated for the work performed in excess of forty (40) hours per work week pursuant to
21 these uniform policies and practices. Therefore, Defendants' foregoing conduct, as alleged,
22 constitutes willful violation of the FLSA, within the meaning of 29 U.S.C. § 255(a).

23 134. As a result, Plaintiffs and the FLSA Collective must be paid the federally mandated
24 rate of 150% of each employee's regular hour wages for work weeks of 40 hours or more. (29
25 U.S.C. § 207.)

26 135. Defendants' violations of the FLSA were knowing and willful. Defendants could
27 have easily accounted for and compensated Plaintiffs and the FLSA Collective in conformity with
28 the law but have failed to do so.

136. As a result of Defendants' unlawful conduct, Plaintiffs and the other FLSA Collective Members have suffered damages in an amount, subject to proof, to the extent they were not paid minimum wages for all hours actually worked.

137. Plaintiffs have consented to join in this action and the FLSA Collective.

138. Plaintiffs and FLSA Collective Members are therefore entitled to recover damages in an amount equal to the unpaid minimum wages and overtime wages due and owing, along with liquidated damages in an equal amount) costs, interest and attorneys' fees as provided for in 29 U.S.C. § 216.

PRAYER FOR RELIEF

Plaintiffs, individually, and on behalf of all others similarly situated only with respect to the class claims, pray for relief and judgment against Defendants, jointly and severally, as follows:

Class Certification

1. That this action be certified as a class action with respect to the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, and Ninth Causes of Action;

2. That Plaintiffs be appointed as the representatives of the Class; and,

3. That counsel for Plaintiffs be appointed as Class Counsel.

FLSA Collective Certification

4. For an order certifying that the eleventh cause of action of this Complaint may be maintained as a collective action pursuant to 29 U.S.C. § 216(b) and that prompt notice of this action be issued to potential members of the opt-in FLSA Collective, apprising them of the pendency of this action, and permitting them to assert timely FLSA claims;

5. Designation of Plaintiffs as representatives for the FLSA claims as to the FLSA Collective;

6. Designation of Plaintiffs' attorneys as counsel for the FLSA Collective as to the FLSA claims:

7. That Defendants provide to Class Counsel immediately the names and most current/last known contact information (address, e-mail and telephone numbers) of all FLSA Collective Members.

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9. For unpaid wages as may be appropriate;
10. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

10. For pre-judgment interest on any unpaid compensation commencing from the date amounts were due;

12. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to California Labor Code § 1194(a); and,

As to the Second Cause of Action

15. For unpaid wages at overtime wage rates as may be appropriate;

17. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to California Labor Code § 1194(a); and,

18. For such other and further relief as the Court may deem equitable and appropriate.

19. That the Court declare, adjudge, and decree that Defendants violated California Labor Code §§ 226.7 and 512, and the IWC Wage Orders;

20. For unpaid meal period premium wages as may be appropriate;

22. For reasonable attorneys' fees under California Code of Civil Procedure § 1021.5,

1 and for costs of suit incurred herein; and,

2 23. For such other and further relief as the Court may deem equitable and appropriate.

3 As to the Fourth Cause of Action

4 24. That the Court declare, adjudge, and decree that Defendants violated California
5 Labor Code §§ 226.7 and 512, and the IWC Wage Orders;

6 25. For unpaid rest period premium wages as may be appropriate;

7 26. For pre-judgment interest on any unpaid compensation commencing from the date
8 such amounts were due;

9 27. For reasonable attorneys' fees under California Code of Civil Procedure § 1021.5,
10 and for costs of suit incurred herein; and,

11 28. For such other and further relief as the Court may deem equitable and appropriate.

12 As to the Fifth Cause of Action

13 29. That the Court declare, adjudge and decree that Defendants violated California
14 Labor Code §§ 204, 210, and 218 by willfully failing to pay all compensation owed during
15 employment;

16 30. For statutory wage penalties pursuant to the California Labor Code;

17 31. For pre-judgment interest on any unpaid wages from the date such amounts were
18 due;

19 32. For reasonable attorneys' fees and for costs of suit incurred herein; and,

20 33. For such other and further relief as the Court may deem equitable and appropriate.

21 As to the Sixth Cause of Action

22 34. That the Court declare, adjudge and decree that Defendants violated California
23 Labor Code §§ 201, 202, and 203 by willfully failing to pay all compensation owed at the time of
24 termination of the employment;

25 35. For statutory wage penalties pursuant to California Labor Code § 203 for former
26 employees who have left Defendants' employ;

27 36. For pre-judgment interest on any unpaid wages from the date such amounts were
28 due;

37. For reasonable attorneys' fees and for costs of suit incurred herein; and,

38. For such other and further relief as the Court may deem equitable and appropriate.

As to the Seventh Cause of Action

39. That the Court declare, adjudge, and decree that Defendants violated the record keeping provisions of California Labor Code § 226(a) and applicable IWC Wage Orders, and willfully failed to provide accurate itemized wage statements thereto;

40. For all actual damages, according to proof;

41. For statutory penalties pursuant to California Labor Code § 226(e);

42. For injunctive relief to ensure compliance with this section, pursuant to California Labor Code § 226(h);

43. For reasonable attorneys' fees and for costs of suit incurred herein; and,

44. For such other and further relief as the Court may deem equitable and appropriate.

As to the Eighth Cause of Action

45. That the Court declare, adjudge, and decree that Defendants violated California Labor Code § 2802 by willfully failing to indemnify employees for expenditures;

46. For unpaid wages or unreimbursed business expenses as may be appropriate;

47. For pre-judgment interest on any unpaid compensation commencing from the date such amounts were due;

48. For reasonable attorneys' fees and for costs of suit incurred herein; and,

49. For such other and further relief as the Court may deem equitable and appropriate.

As to the Ninth Cause of Action

50. That the Court declare, adjudge, and decree that Defendants violated California Business & Professions Code §§ 17200, *et seq.* by failing to pay for all hours worked (minimum, straight time, and overtime wages), failing to provide meal periods, failing to authorize and permit rest periods, and failing to indemnify employees for expenditures;

51. For restitution of unpaid wages to Plaintiffs and all Class Members and prejudgment interest from the day such amounts were due and payable;

52. For the appointment of a receiver to receive, manage and distribute any and all funds

disgorged from Defendants and determined to have been wrongfully acquired by Defendants as a result of violations of California Business & Professions Code §§ 17200 *et seq.*;

53. For reasonable attorneys' fees and costs of suit incurred herein pursuant to California Code of Civil Procedure § 1021.5;

54. For injunctive relief to ensure compliance with this section, pursuant to California Business & Professions Code §§ 17200, *et seq.*; and,

55. For such other and further relief as the Court may deem equitable and appropriate.

As to the Tenth Cause of Action

56. That the Court declare, adjudge and decree that Defendants violated the California Labor Code by failing to pay wages for all hours worked (including minimum, straight time, and overtime), failing to provide meal periods and pay the correct amount of meal period premium wages, failing to authorize and permit rest periods and pay the correct amount of rest period premium wages, failing to pay all earned wages twice per month, failing to maintain accurate records of hours worked and meal periods, failing to pay all final wages to terminated employees, failing to furnish accurate wage statements, and failing to indemnify employees for expenditures;

57. For all actual, consequential and incidental losses and damages, according to proof;

58. For all civil penalties pursuant to California Labor Code §§ 2699, *et seq.*, and all other applicable Labor Code provisions;

59. For reasonable attorneys' fees and costs of suit incurred herein pursuant to California Labor Code § 2699; and,

60. For such other and further relief as the Court may deem equitable and appropriate.

As to the Eleventh Cause of Action

61. That the Court declare, adjudge, and decree that Defendants violated the FLSA 29 U.S.C. §§ 206 and 207 by willfully failing to pay minimum and overtime wages to Plaintiffs and the other members of the FLSA Collective;

62. For general and unpaid wages at minimum and overtime wage rates;

63. For liquidated damages equal to the amount of unpaid compensation;

1 64. For pre-judgment interest on any unpaid compensation from the date such amounts
2 were due;

3 65. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to the
4 FLSA, U.S.C. § 216(b); and

5 66. For such other and further relief as the Court may deem appropriate.

6 As to all Causes of Action

7 67. For any additional relief that the Court deems just and proper.

8
9 Respectfully submitted,

10 Dated: September ___, 2025

WILSHIRE LAW FIRM, PLC

11
12 By: _____
13 Arrash T. Fattahi
14 Arman A. Salehi
15 Attorneys for Plaintiff
16 Carlos Marquez

16 Dated: September ___, 2025

**FERRARO VEGA EMPLOYMENT
LAWYERS, INC.**

17
18 By: _____
19 Nicholas J. Ferraro
20 Lauren N. Vega
21 Elyssa Martinez

22 Attorneys for Plaintiffs
23 Abram Izquierdo-Duarte, Rolando De Luna,
24 and Brenda Barragan
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DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury as to all causes of action triable by jury.

Dated: September __, 2025

WILSHIRE LAW FIRM, PLC

By: _____

Arrash T. Fattahi

Arman A. Salehi

Attorneys for Plaintiff

Carlos Marquez

Dated: September __, 2025

**FERRARO VEGA EMPLOYMENT
LAWYERS, INC.**

By: _____

Nicholas J. Ferraro

Lauren N. Vega

Elyssa Martinez

Attorneys for Plaintiffs

Abram Izquierdo-Duarte, Rolando De Luna,
and Brenda Barragan

EXHIBIT 6

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

Subject to court approval, this Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiffs Carlos Marquez, Abram Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan (“Plaintiffs”), individually and on behalf of the Settlement Class, and Defendant Naval Engineering Support Inc. (hereinafter, “Naval Engineering” or “Defendant”). The Agreement refers to Plaintiffs and Naval Engineering collectively as “Parties” or as a “Party.”

1. DEFINITIONS.

1.1. “Action” means Plaintiffs’ lawsuit alleging wage and hour violations against Naval Engineering captioned *Carlos Marquez, et al. v. Naval Engineering Support Inc., et al.*; Case No. 37-2024-00023814-CU-OE-CTL [Consolidated with Case No. 37-2024-00028311-CU-OE-CTL], pending in San Diego County Superior Court.

1.2. “Address Search” means the Administrator’s search for Covered Employees’ 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 Phoenix Settlement Administrators.

1.4. “Administration Expenses” 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 \$7,000.00, except for a showing of good cause and as approved by the Court.

1.5. “Attorneys’ Fees” mean the amounts allocated to Plaintiffs’ Counsel for reimbursement of reasonable attorneys’ fees in connection with this Settlement in an amount not to exceed 35% of the Gross Settlement Amount.

1.6. “Class” or “Class Member(s)” means all individuals currently or formerly employed by Naval Engineering in California as hourly, non-exempt employees during the Class Period.

1.7. “Class Counsel” or “Plaintiffs’ Counsel” means Ferraro Vega Employment Lawyers, Inc. and Wilshire Law Firm.

1.8. “Class Notice” means the Notice of Class Action and PAGA Settlement, attached as **Attachment A** and including the Request for Exclusion, attached as **Attachment B**, to be mailed to Class Members and incorporated by reference into this Agreement.

1.9. “Class Period” means the period from May 22, 2020, through May 23, 2025, unless Defendant elects to shorten the class period at Defendant’s option as set forth in Paragraph 7.

1.10. “Class Representatives” or “Named Plaintiffs” or “Plaintiffs” refers to Carlos Marquez, Abram Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan.

1.11. “Class Response Deadline” means 45 days after the Administrator mails Notice to Class Members and shall be the last date on which Class Members may: (a) email or mail Requests for Exclusion from the Settlement, or (b) email or mail an Objection to the Settlement. Class Members to whom the Class Notice is re-sent after being returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline expiry.

1.12. “Class Workweek” means any week during which a Class Member worked for Naval Engineering for at least one day during the Class Period.

1.13. “Class Workweek Estimate” means, based on a review of Defendant’s records to date, a total of 11,454 Class Workweeks.

1.14. “Court” means the San Diego County Superior Court.

1.15. “Covered Employees” means all PAGA Members and all Class Members.

1.16. “Defense Counsel” means captioned counsel of record from the law firm of Hamilton & Associates, APC and Farnaes & Lucio, APC.

1.17. “Effective Date” means the date on which the Court enters Judgment on its order granting Final Approval of the Settlement and the Judgment is final. The Judgment is final as of the latest of the following occurrences: (i) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (ii) 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 (iii) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.18. “Employee Data” means all Covered Employees’ identifying information in Naval Engineering’s possession including their names, last-known mailing addresses, Social Security numbers, and number of Class Workweeks and PAGA Periods.

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

1.20. “Final Approval Hearing” means the Court’s hearing on the final motion for approval of the Settlement.

1.21. “Gross Settlement Amount” means **\$250,000.00**, which is the total amount Defendant agrees to pay under the Settlement except as provided in Section 7 below, subject to the terms and conditions of this Settlement.

1.22. “Individual Class Payments” means the Participating Class Member’s pro rata share of the Net Settlement Amount, calculated according to the number of Class Workweeks.

1.23. “Individual PAGA Payments” means the PAGA Members’ pro rata share of the Net PAGA Payment, calculated according to the number of PAGA Pay Periods.

1.24. “Individual Settlement Payments” means the Individual Class Payment and the Individual PAGA Payments.

1.25. “Judgment” means the judgment entered by the Court based upon the Final Approval of the Settlement.

1.26. “Litigation Costs” means the amount incurred by Plaintiffs’ Counsel to prosecute the Action, according to proof and subject to Court approval, not to exceed \$25,000.

1.27. “LWDA” means the California Labor Workforce and Development Agency.

1.28. “LWDA Payment” means the 65% share of the PAGA Payment allocated to be paid to the LWDA under Labor Code section 2699, subd. (m).

1.29. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Service Payments, Attorneys’ Fees, Litigation Costs, the PAGA Payment (including the LWDA Payment), and the Administration Expenses.

1.30. “Net PAGA Payment” means the 35% share of the PAGA Payment allocated to be paid to the PAGA Employees under Labor Code section 2699, subd. (m).

1.31. “Non-Participating Class Member” means any Class Member who submits a valid and timely Request for Exclusion from the Settlement.

1.32. “Operative Complaint” means the most recently filed complaint, including amended complaints, filed by Plaintiff.

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

1.34. “PAGA” means California’s Private Attorneys General Act of 2004.

1.35. “PAGA Period” means June 13, 2023, through May 23, 2025.

1.36. “PAGA Payment” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount (\$25,000), which is the amount provided in exchange for the release of the PAGA claims addressed in this Settlement, with 65% of the PAGA Payment constituting the LWDA Payment (\$16,250), with the remaining 35% constituting the Net PAGA Payment to be allocated and paid to PAGA Members (\$8,750).

1.37. “PAGA Counsel” or “Plaintiffs’ Counsel” means Ferraro Vega Employment Lawyers, Inc. and Wilshire Law Firm.

1.38. “PAGA Members” means all individuals currently or formerly employed by Naval Engineering in California as hourly, non-exempt employees during the PAGA Period.

1.39. “PAGA Notice” means Named Plaintiffs’ letter to Defendant and the LWDA, including any amendments thereto, pursuant to Labor Code § 2699.3(a).

1.40. “PAGA Pay Period” means any pay period during which a PAGA Member worked for Defendant for at least one day during the PAGA Period.

1.41. “PAGA Representatives” or “Named Plaintiffs” or “Plaintiffs” refers to Carlos Marquez, Abram Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan.

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

1.43. “Released Claims” means the claims being released in connection with this Settlement, as set forth in full below.

1.44. “Released Parties” means: Defendants and each former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

1.45. “Request for Exclusion” means a Class Member’s submission of a signed written request to be excluded from the Class Settlement, including on the form provided with the Class Notice.

1.46. “Service Payments” means the payment to the Named Plaintiffs for initiating and providing services in support of the Action in an amount up to \$7,500.00, each, subject to Court approval, which also constitutes consideration for Plaintiffs’ individual settlement and general release of all claims, as set forth in this Agreement.

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

2. MONETARY TERMS.

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

2.1.1. Employer Payroll Taxes: The Gross Settlement Amount does not include any employer payroll taxes owed on the Wage Portion of the Individual Class Payments, which shall be paid separately by Defendant as calculated by the Administrator.

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 Named Plaintiffs: The Service Payments, in addition to any Individual Settlement Payments that they may be entitled to receive as Covered Employees. If the Court approves Service Payments less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Service Payments using IRS Form 1099. An award of less than the requested amount for the Service Payments 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 Payments, at its discretion at the final approval stage.

2.2.2. To Plaintiffs' Counsel: Attorneys' Fees and Litigation Costs to Plaintiffs' Counsel. Defendant 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 Actions under PAGA based on the factual allegations in the Operative Complaint and PAGA Notice; 65% of the PAGA Payment will be paid to the LWDA (i.e., the LWDA Payment) and the remaining 35% of the PAGA Payment (i.e., the Net PAGA Payment) will be distributed to PAGA Members as penalties in exchange for a full and final release of the PAGA claims. The Court has authority under this Agreement to increase (or reduce) the PAGA Payment up to and including at the final approval hearing, and the Parties respectfully reserve the right to increase (or reduce) the PAGA Payment up to and including at the final approval stage, subject to the Court's final approval. If the Court approves a PAGA Payment of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

2.2.5. To Each Participating Class Member/Tax Allocation: An Individual Class Payment calculated by: (a) dividing the Net Settlement Amount by the total number of Class Workweeks worked by all Participating Class Members during the Class Period; and (b) multiplying the result by each Participating Class Member's Class Workweeks. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms.

Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

2.2.6. To Each PAGA Member/Tax Allocation: An Individual PAGA Payment calculated by: (a) dividing the Net Settlement Amount 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. Covered Employees 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 15 days after the Court grants Preliminary Approval, Naval Engineering will simultaneously deliver the Employee Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Covered Employees' 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. Naval Engineering has a continuing duty to immediately notify Plaintiffs' Counsel if it discovers that the Employee Data omitted Covered Employees' 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. Naval Engineering shall fully fund the Gross Settlement Amount and fund the amounts necessary to fully pay its share of payroll taxes by transmitting the funds to the Administrator according to the following schedule:

- a. \$125,000 -- 30 days after the Effective Date;
- b. \$125,000 – 60 days after the first payment or July 1, 2026, whichever is later.

Provided the Effective Date has passed, Defendant shall deposit the sum of the payment indicated into the account of the Settlement Administrator via wire. Defendant shall make a deposit in the amount of the employer's share of payroll taxes on a prorate basis on the same date.

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

3.3.1. The Administrator will issue checks for the Individual Settlement Payments and send them to Covered Employees 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 voided. 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 other Covered Employees whose checks are returned undelivered without USPS forwarding addresses. Within 7 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 Covered Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Covered Employee whose original check was lost or misplaced, requested by the Covered Employee prior to the void date.

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

3.3.4. The payment of Individual Settlement Payments shall not obligate Naval Engineering to confer any additional benefits or make any additional payments to Covered Employee 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.

3.4. Payments to the Responsible Tax Authorities. The Administrator will pay the Participating Class Members' portion of normal payroll withholding taxes out of each person's Individual Class Payment. The Administrator shall also pay Naval Engineering's portion of payroll taxes as the current or former employer (including the employer's payment of applicable FICA, FUTA, and SUI contributions, etc.) to the appropriate local, state, and federal taxing authorities. The Administrator will calculate the amount of the Participating Class Members' and Naval Engineering's portion of payroll withholding taxes and forward those amounts to the appropriate taxing authorities.

4. RELEASES OF CLAIMS.

Effective on the date when Naval Engineering fully funds the Gross Settlement Amount and all associated employer payroll taxes owed on the Wage Portion of the Individual Class Payments, the following releases of claims will take effect:

4.1. Named Plaintiffs' General Release. Named Plaintiffs' respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, 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 or ascertained during the Action; and (b) any other claims, debts, liabilities, demands, damages, obligations, actions and causes of actions, of any nature whatsoever, whether known or unknown, or suspected or unsuspected, arising out of or in connection with their employment with Naval Engineering, the separation of such employment, or any other act, omission or event occurring between the Parties at any time

prior to the date the Named Plaintiffs execute this Agreement. 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. Named Plaintiffs' 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. Named Plaintiffs acknowledge that they may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Named Plaintiffs' General Release shall be and remain effective in all respects, notwithstanding such different or additional facts or their discovery of them.

4.1.1. Named Plaintiffs' Section 1542 Waiver. For purposes of Named Plaintiffs' General Release, Named Plaintiffs expressly waive and relinquish 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 Participating Class Members: All Participating Class Members release Released Parties from any and all claims, damages, and penalties alleged, or which could have been alleged, in the Operative Complaint and arising out of the facts in the Operative Complaint during the Class Period, including, without limitation, claims for: (1) Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197; and 29 U.S.C. § 206); (2) Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198; and 29 U.S.C. § 207); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to

Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); 8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802); (9) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.); and (10) Civil Penalties Under PAGA (Cal. Lab. Code § 2699, et seq.). Participating Class Members **do not** release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts outside of the Operative Complaint or outside the Class Period.

4.3. Release by PAGA Members: All PAGA Members and the LWDA release Released Parties from, and are forever barred from pursuing such against Released Parties for, the PAGA claims alleged in and/or arising out of the facts alleged in the Operative Complaint during the PAGA Period, including, without limitation penalties predicated on the underlying alleged violations for: (1) Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197); (2) Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); 8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802); (9) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.); and (10) Civil Penalties Under PAGA (Cal. Lab. Code § 2699, *et seq.*).

5. MOTION FOR SETTLEMENT APPROVAL.

5.1. Preliminary Approval. Not later than 16 court days before the Preliminary Approval Hearing, Named Plaintiffs shall move for an order conditionally certifying the Class for settlement purposes only, granting Preliminary Approval of the Settlement, setting a date for the Final Approval Hearing, and approving the Class Notice. Naval Engineering shall accept service of the Motion (or any other motions, stipulations, declarations, proposed orders, exhibits, or other documents filed in connection with this Settlement) via electronic service at the email addresses set forth in this Agreement or, if an electronic service agreement is already in place, at the email addresses in the Parties' electronic service agreement.

5.2. PAGA Approval. Plaintiffs shall prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this PAGA Settlement under Labor Code § 2699(s)(2). To effectuate Final Approval and Judgment of the Settlement of PAGA claims, Plaintiffs shall prepare either a Joint Stipulation Approving PAGA Settlement (subject to Defense Counsels' review and revision) or a Motion for Approval of PAGA Settlement. Plaintiffs shall file declarations from Plaintiffs' Counsel and the Named Plaintiffs to support the Settlement.

5.3. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Settlement or forthcoming motions or joint stipulations for approval, Plaintiffs' 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, Plaintiffs' 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 payroll tax withholdings and report 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.

6.4. Notice to Class Members.

6.4.1. No later than 3 business days after receipt of the Employee Data, the Administrator shall notify Plaintiffs' Counsel that the list has been received and state the number of Covered Employees and Class Workweeks and PAGA Pay Periods in the Employee Data.

6.4.2. Using best efforts to perform as soon as possible, and no later than 14 days after receiving the Employee Data, the Administrator will send to all Class Members identified in the Employee Data, via first-class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as Attachment A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment payable to the Class Member, and the number of Class Workweeks used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Covered Employees' addresses using the National Change of Address database.

6.4.3. Not later than 3 business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

6.4.4. The deadlines for Class Members' written objections, challenges to Class Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the time otherwise provided in the Class Notice for all Class Members

whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

6.4.5. If the Administrator, Naval Engineering or Plaintiffs' Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Employee Data and should have received Class Notice, the Parties will expeditiously meet and confer in a good-faith 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 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

6.5. Requests for Exclusion (Opt-Outs).

6.5.1. 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 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or their 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.

6.5.2. 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.

6.5.3. 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 paragraph of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

6.5.4. 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, nor shall they have the right to object to the class action components of the Settlement.

6.6. Challenges to Calculation of Class Workweeks. Each Class Member shall have until the Response Deadline (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks 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 Class Workweeks contained in the Class Notice are correct so long as they are consistent with the Employee Data. The Administrator's determination of each Class Member's allocation of Class Workweeks shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to the calculation of Class Workweeks to Defense Counsel and Plaintiffs' Counsel and the Administrator's determination of the challenges.

6.7. Objections to Settlement.

6.7.1. Only Participating Class Members may object to the Settlement, including contesting the fairness of the Settlement.

6.7.2. Participating Class Members may send written objections to the Administrator, by email or mail. Alternatively, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than the Response Deadline (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

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

6.8. Administrator Duties. The Administrator has a duty and is authorized to perform and observe all tasks necessary to effectuate and administer the Settlement in a manner consistent with the terms of this Agreement.

6.8.1. Email Address and Toll-Free Number. The Administrator will establish, maintain, and use its own company website with their contact information included so that Covered Employees may find the Administrator on the World Wide Web. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member telephone calls and emails.

6.8.2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the Response Deadline, the Administrator shall email a list to Plaintiffs' Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

6.8.3. Weekly Reports. The Administrator must, on a weekly or biweekly basis, provide written reports to Plaintiffs' Counsel and Defense Counsel that tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Class Workweeks received and/or resolved, and checks mailed for Individual Class Payments. The Weekly Reports must

provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

6.8.4. Class Workweek Challenges. The Administrator has the authority to address and make final decisions, consistent with the terms of this Agreement, on all Class Member challenges over the calculation of Class Workweeks. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

6.8.5. Administrator's Declaration. Not later than 14 days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Plaintiffs' Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Covered Employees, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Plaintiffs' Counsel are responsible for filing the Administrator's declaration(s) in Court.

6.8.6. Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Plaintiffs' Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, if applicable and if requested by either Party, the Administrator will prepare, and submit to Plaintiffs' Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement.

7. ESCALATION CLAUSE. Based on its records, Naval Engineering has provided a Class Workweek Estimate. In the event the total Class Workweeks set forth in the Class Workweek Estimate increases by more than 5% (i.e. an increase of more than 573 Class Workweeks), Naval Engineering shall have the option to either (a) increase the Gross Settlement Amount proportionally by the number of Class Workweeks worked in excess of 5% (for example, if the final number of total Class Workweeks increases by 7% over the Class Workweek Estimate, the Gross Settlement Amount will increase to 2%), or (b) end the Class Period on the date that the number of Class Workweeks reaches 5% so that there is no increase in the amount. If this clause is triggered and Defendant elects to increase the Gross Settlement Amount proportionally, the Parties agree that the total amount of Class Counsel's requested Attorneys' Fees will be adjusted upward so that Class Counsel will request Attorneys' Fees in the amount of up to 35% of the increased Gross Settlement Amount.

8. EMPLOYEE ESTIMATE. Based on the records evaluated, there are an estimated 278 Class Members and 161 PAGA Members covered by this Agreement.

9. DEFENDANT'S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 15% of the total of all Class Members, Defendant may, but is not obligated to, elect to withdraw from the Settlement. If Defendant

withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and neither Party shall have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Settlement Administration Expenses incurred to that point. To elect to withdraw, Defendant must notify Plaintiffs' Counsel and the Court of its election to withdraw not later than 7 days after the Response Deadline.

10. MOTION FOR FINAL APPROVAL. Not later than 16 court days before the Final Approval Hearing, Named Plaintiffs will file in Court and serve on Defendants a Motion for Final Approval of the Settlement that includes a Proposed Final Approval Order and a Proposed Judgment, which shall specifically state and include a request for approval of the PAGA settlement under Labor Code § 2699, subd. (s). Plaintiffs' Counsel will provide drafts of the Proposed Final Approval Order and Proposed Judgment to Defense Counsel in advance of filing for Defense Counsel's review. Naval Engineering shall accept service of the Motion for Final Approval (or any other motions, stipulations, declarations, proposed orders, exhibits, or other documents filed in connection with this Settlement) via electronic service at the email addresses set forth in this Agreement or, if an electronic service agreement is already in place, at the email addresses in the Parties' electronic service agreement.

10.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court prior to the Final Approval Hearing, or as otherwise provided by the Court.

10.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement, the Parties will expeditiously work together through counsel in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval.

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

10.4. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Attorneys' Fees and Litigation Costs set forth in this Settlement, the Parties, their respective counsel, and all Covered Employees, excluding opt outs, as applicable and provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals.

10.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Covered Employees), this Agreement shall be null and void. The Parties shall agree to expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur.

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

12. ADDITIONAL PROVISIONS.

12.1. 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 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).

12.2. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Covered Employee to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Plaintiffs' Counsel's ability to communicate with Covered Employees in accordance with Plaintiffs' Counsel's ethical obligations owed to Covered Employees.

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

12.4. Attorney Authorization. Plaintiffs' 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.

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

12.6. 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.

12.7. No Tax Advice. Neither the Parties, Plaintiffs' 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.

12.8. 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 Plaintiffs' Counsel and Defense Counsel, as their legal representatives.

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

12.10. 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, without regard to conflict of law principles.

12.11. 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.

12.12. 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.

12.13. 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.

12.14. 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 3rd business day after mailing by U.S. Mail or the same day if sent by email, addressed as follows:

To Plaintiffs:

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

Wilshire Law Firm, PLC

Attn: Arrash T. Fattahi

660 S. Figueroa Street, Sky Lobby

Los Angeles, California 90017

afattahi@wilshirelawfirm.com

To Defendant:

Farnaes & Lucio, APC

Attn: Malte Farnaes

2235 Encinitas Blvd., Suite 202

Encinitas, California 92024

Email: Malte@farnaeslaw.com

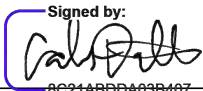
12.15. Execution in Counterparts. This Agreement may be executed using physical and/or electronic signatures (i.e. DocuSign, SignRequest, Adobe Sign, etc.), which shall be accepted as originals for purposes of this Agreement. Any executed counterpart will be admissible in evidence to prove the existence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

SIGNATURES

I have read this Agreement and agree to its terms.

Plaintiff Carlos Marquez

Date: 9/3/2025

Signed by: 
8C21ABDDA03B407...
Carlos Marquez

Plaintiff Abram Izquierdo-Duarte

Date: _____

Abram Izquierdo-Duarte

Plaintiff Rolando De Luna

Date: _____

Rolando De Luna

Plaintiff Brenda Barragan

Date: _____

Brenda Barragan

Defendant Naval Engineering Support Inc.

Date: _____

Name: _____

Title: _____

SIGNATURES

I have read this Agreement and agree to its terms.

Plaintiff Carlos Marquez

Date: _____

Carlos Marquez

Plaintiff Abram Izquierdo-Duarte

Date: Aug 27, 2025

abram duarte

Abram Izquierdo-Duarte

Plaintiff Rolando De Luna

Date: 27 ago 2025

Rolando de luna

Rolando De Luna

Plaintiff Brenda Barragan

Date: 27 ago 2025

Brenda barragan

Brenda Barragan

Defendant Naval Engineering Support Inc.

Date: _____

Name: _____

Title: _____

SIGNATURES

I have read this Agreement and agree to its terms.

Plaintiff Carlos Marquez

Date: _____

Carlos Marquez

Plaintiff Abram Izquierdo-Duarte

Date: _____

Abram Izquierdo-Duarte

Plaintiff Rolando De Luna

Date: _____

Rolando De Luna

Plaintiff Brenda Barragan

Date: _____

Brenda Barragan

Defendant Naval Engineering Support Inc.

Date: 09-04-2025

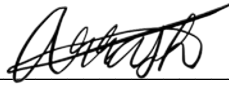


Name: CARLOS FELIX
Title: PRESIDENT

Approved by Counsel:

Date: 9/3/2025

Wilshire Law Firm, PLC

BY: 

John G. Yslas
Arrash T. Fattahi
Counsel for Plaintiff Carlos Marquez

Date: _____

Ferraro Vega Employment Lawyers, Inc.

BY: _____

Nicholas J. Ferraro
Counsel for Plaintiffs Abram Izquierdo-Duarte, Rolando
De Luna, and Brenda Barragan

Farnaes & Lucio, APC

BY: _____

Malte Farnaes
Counsel for Defendant Naval Engineering Inc.

Approved by Counsel:

Date: _____

Wilshire Law Firm, PLC

BY: _____

John G. Yslas
Arrash T. Fattahi
Counsel for Plaintiff Carlos Marquez

Date: Aug 27, 2025

Ferraro Vega Employment Lawyers, Inc.

BY: Nicholas J. Ferraro

Nicholas J. Ferraro
Counsel for Plaintiffs Abram Izquierdo-Duarte, Rolando
De Luna, and Brenda Barragan

Farnaes & Lucio, APC

BY: _____

Malte Farnaes
Counsel for Defendant Naval Engineering Inc.

Approved by Counsel:

Date: _____

Wilshire Law Firm, PLC

BY: _____

John G. Yslas
Arrash T. Fattahi
Counsel for Plaintiff Carlos Marquez

Date: _____

Ferraro Vega Employment Lawyers, Inc.

BY: _____

Nicholas J. Ferraro
Counsel for Plaintiffs Abram Izquierdo-Duarte, Rolando
De Luna, and Brenda Barragan

Farnaes & Lucio, APC

9/4/25

BY: _____

Malte Farnaes
Counsel for Defendant Naval Engineering Inc.

Attachment A

Notice of Class Action Settlement

NOTICE OF CLASS ACTION SETTLEMENT

Marquez, et al. v. Naval Engineering Support Inc.

Superior Court of the State of California for the County of San Diego

Case No. 37-2024-00023814-CU-OE-CTL [Consolidated with Case No. 37-2024-00028311-CU-OE-CTL]

This notice is to the following individuals in connection with a pending class action settlement:

“Class” or “Class Member(s)” means all individuals currently or formerly employed by Naval Engineering in California as hourly, non-exempt employees from May 22, 2020, through May 23, 2025, unless Defendant elects to shorten the class period at Defendant’s option as set forth in Paragraph 7 of the settlement agreement.

Read this notice carefully. Your legal rights could be affected whether you act or not.

The Superior Court of the State of California for the County of San Diego (the “Court”) has preliminarily approved this class and representative action lawsuit filed by Carlos Marquez, Abram Izquierdo-Duarte, Rolando De Luna, and Brenda Barragan (“Class Representatives”) against Naval Engineering Support Inc. (“Naval Engineering”) for alleged wage and hour violations (the “Lawsuit”).

The Lawsuit is based on the following legal causes of action: (1) Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197; and 29 U.S.C. § 206); (2) Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198; and 29 U.S.C. § 207); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); 8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802); (9) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.); and (10) Civil Penalties Under PAGA (Cal. Lab. Code § 2699, et seq.). Naval Engineering denies all claims and maintains it has fully complied with the law.

Naval Engineering’s records reflect you worked **[[Individual Workweeks]]** workweeks during the Class Period of May 22, 2020, through May 23, 2025. Based on this information, your Individual Class Payment is estimated to be \$**[[Individual Class Payment]]** (less any applicable state and federal withholdings). The actual amount you may receive will likely be different and will depend on multiple factors, such as how many other individuals decide to opt out.

<u>YOUR OPTIONS</u>	
DO NOTHING	You do not have to do anything in response to this notice. If you do nothing, you will remain eligible to automatically receive an Individual Class Payment if the

	Court grants final approval of the settlement. In such case, you will be bound by the release provisions in the settlement and release your claims in exchange for compensation.
OPT OUT	You may opt out of the Settlement by submitting a Request for Exclusion form. If you opt out, you may not object to the Settlement, you will not receive an Individual Class Payment, and you shall not be bound by the release provisions in the settlement.
OBJECT	You may object to the Settlement by submitting a written objection. If the Court grants final approval of the settlement despite your objection, you will remain eligible to automatically receive an Individual Class Payment if the Court grants final approval of the settlement. In such case, you will be bound by the release provisions in the settlement.

The Court's final approval hearing is scheduled to take place on **[[Final Approval Hearing Date]]** at **[[Final Approval Hearing Time]]** in Dept. 63 of the San Diego Superior Court, located at 330 W. Broadway, San Diego, CA 92101. You do not have to attend but you do have the right to appear. ***For more information, please carefully read this notice.***

1. WHAT IS THE ACTION ABOUT?

The Class Representative is former employee of Naval Engineering. The Class Representatives alleged Naval Engineering violated California labor and employment laws as follows: (1) Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197; and 29 U.S.C. § 206); (2) Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198; and 29 U.S.C. § 207); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); 8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802); (9) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.); and (10) Civil Penalties Under PAGA (Cal. Lab. Code § 2699, et seq.). Plaintiffs are represented by Ferraro Vega Employment Lawyers and Wilshire Law Firm ("Class Counsel.")

Naval Engineering denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT ARE THE PROPOSED SETTLEMENT TERMS?

At the Final Approval Hearing, the Class Representatives, through Class Counsel, will ask the Court to approve a Gross Settlement Amount of \$250,000.00 and authorize the following payments from that amount: Service Payments to the Class Representatives (\$7,500.00, each), Attorneys' Fees in the amount of \$87,500.00, representing 35% of the Gross Settlement Amount, Litigation Costs (not to exceed \$25,000), the LWDA's 65% portion of the PAGA Payment (\$16,250), and

Administration Expenses (not to exceed \$7,000.00) to be paid to the third-party settlement administrator.

After the above deductions in amounts approved by the Court, the Administrator will calculate and distribute Individual Class Payments to Participating Class Members based on their Class Workweeks. 20% of each Individual Class Payment shall constitute taxable wages (“Wage Portion”) and 80% shall constitute interest and penalties (“Non-Wage Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Naval Engineering will separately pay employer payroll taxes it owes on the Wage Portion. The Administrator will report the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

You will be treated as a Participating Class Member, participating fully in the settlement, unless you submit a signed Request for Exclusion by **[[Response Deadline]]** the “Response Deadline.”

After the Judgment is final and Naval Engineering has fully funded the settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the settlement, as follows:

All Participating Class Members release Released Parties from any and all claims, damages, and penalties alleged, or which could have been alleged, in the Operative Complaint and arising out of the facts in the Operative Complaint during the Class Period, including, without limitation, claims for: (1) Failure to Pay Minimum and Straight Time Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197; and 29 U.S.C. § 206); (2) Failure to Pay Overtime Wages (Cal. Lab. Code §§ 1194 and 1198; and 29 U.S.C. § 207); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Periods (Cal. Lab. Code §§ 226.7); (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code §§ 204, 210, 218); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); 8. Failure to Indemnify Employees for Expenditures (Cal. Lab. Code § 2802); (9) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, *et seq.*); and (10) Civil Penalties Under PAGA (Cal. Lab. Code § 2699, *et seq.*). Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers’ compensation, or claims based on facts outside of the Operative Complaint or outside the Class Period.

3. HOW IS MY INDIVIDUAL CLASS PAYMENT CALCULATED?

The number of Class Workweeks you worked during the Class Period are stated on the first page of this Class Notice. The Administrator will calculate your Individual Class Payment by (1) dividing the Net Settlement Amount by the total number of Class Workweeks worked by all Participating Class Members, and then (2) multiplying the result by the number of Class Workweeks worked by each respective Participating Class Member. In other words, you will receive a proportional recovery based on your length of employment in relation to other Class Members.

4. HOW CAN I CORRECT THE NUMBER OF CLASS WORKWEEKS?

You have until the Response Deadline to correct or challenge the number of Class Workweeks. You can submit your challenge by signing and sending a letter to the Administrator via mail or email to the Administrator at the following address:

Administrator:

Phoenix Settlement Administrators

P.O. Box 7208

Orange, CA, 92863

(800) 523-5773

<https://www.phoenixclassaction.com/contact-us/class-member-inquiries/>

The Administrator will accept Naval Engineering's calculation of Class Workweeks as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you.

5. HOW WILL I GET PAID?

The Administrator will send, by U.S. mail, a single check to every Participating Class Member following the Effective Date of this Settlement. Your check will be sent to the same address as this notice. If you change your address, notify the Administrator as soon as possible.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Complete the attached Request for Exclusion form and mail or email it to the Administrator before the Response Deadline. If you opt-out, you will not receive an Individual Class Payment and you will not be bound by the Release.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement by submitting a written objection to the Administrator before the Response Deadline. To object, please provide a written statement to the Administrator advising what you object to, why you object, and any facts that support your objection. Please sign the objection and identify the Action and include your name, current address, telephone number, and your approximate dates of employment.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You may, but are not required to, attend the Final Approval Hearing on **[[Final Approval Hearing Date]]** at **[[Final Approval Hearing Time]]** in Dept. 63 of the San Diego County Superior Court, located at 330 W. Broadway, San Diego, CA 92101. At the hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to

the LWDA, Class Counsel, the Class Representatives, and the Administrator. The Court will invite comment from objectors, Class Counsel, and Defense Counsel before making a decision.

It is possible the Court will reschedule the Final Approval Hearing. Please review the Court's online docket or contact the Administrator or Class Counsel to verify the date and time of the Final Approval Hearing if you believe it may have been continued or otherwise changed.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Naval Engineering and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment, or any other Settlement documents is to go to the following website [\[\[website\]\]](#). You can also telephone or send an email to Class Counsel at the address below:

Class Counsel

Nicholas J. Ferraro (State Bar No. 306528)

Lauren N. Vega (State Bar No. 306525)

Ferraro Vega Employment Lawyers, Inc.

3333 Camino del Rio South, Suite 300

San Diego, California 92108

(619) 693-7727 telephone

classactions@ferrarovega.com

ferrarovega.com

Wilshire Law Firm

Attn: Arrash T. Fattahi

660 S. Figueroa Street, Sky Lobby

Los Angeles, California 90017

afattahi@wilshirelawfirm.com

10. WHAT IF I LOSE MY SETTLEMENT CHECK OR FAIL TO CASH IT?

If you lose or misplace your settlement check, the Administrator will replace it if you request a replacement before the void date on the face of the original check. If your check is already void or you have otherwise failed to cash it, it will be provided to the State of California's Unclaimed Property Division in your name. For more information, please review how to process a claim for your funds with the State of California, https://www.sco.ca.gov/upd_form_claim.html.

DO NOT CONTACT THE COURT OR THE COURT CLERK TO OBTAIN INFORMATION ABOUT THE SETTLEMENT

Attachment B

Request for Exclusion Form

Request for Exclusion Form

Marquez, et al. v. Naval Engineering Support Inc.

Superior Court of the State of California for the County of San Diego

Case No. 37-2024-00023814-CU-OE-CTL [Consolidated with Case No. 37-2024-00028311-CU-OE-CTL]

By signing and returning this form, I confirm that I do not want to be included in the Settlement or receive a settlement check in the class action lawsuit referenced above.

I understand that by opting out, I am giving up my right to receive any payments in this Settlement. To “opt out,” this form must be postmarked no later than **[[Response Deadline]]** and mailed via U.S. Mail to the following address:

Phoenix Settlement Administrators

P.O. Box 7208

Orange, CA, 92863

(800) 523-5773

<https://www.phoenixclassaction.com/contact-us/class-member-inquiries/>

I confirm I have reviewed the Notice of Class Action Settlement. I have decided to be excluded from the class and **not** participate in the proposed settlement or receive an individual settlement check I am otherwise entitled to receive.

Dated: _____

(Signature)

(Last Four Digits of SSN)

(Type or print name and former name(s))

(Telephone Number)

(Address)

EXHIBIT 7

Coley Hayes

From: no-reply@formassembly.com
Sent: Monday, September 8, 2025 4:39 PM
To: Coley Hayes
Subject: Thank you for your Proposed Settlement Submission

09/08/2025 04:38:34 PM

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

Item submitted: Proposed Settlement

On 09/08/2025 04:38:34 PM your Proposed Settlement was successfully processed for case number LWDA-CM-1035760-24

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%7Ccoley.hayes%40wilshirelawfirm.com%7C3d7345f5f2bf4e9f821c08ddef30dc07%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C638929715305645496%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoiTWFpbCIsIlIdUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=6R61f6oqtBEq79S5ShaOsoHfADJZMwqcuC%2BdK5END38%3D&reserved=0

EXHIBIT 8



CASE ASSUMPTIONS

Class Members	318
Opt Out Rate	1%
Opt Outs Received	3
Total Class Claimants	315
Subtotal Admin Only	\$7,000.00

Not-to-Exceed Total \$7,000.00

For 318 Class Members

Pricing Good for Scope of Estimate Only

July 10, 2025

Case: Izquierdo/Naval Engineering Opt-Out Administration

Phoenix Contact: Jodey Lawrence

Contact Number: 949.566.1455

Email: Jodey@phoenixclassaction.com

Requesting Party: Gerry Fasquelle

Firm: Ferraro Vega Employment Lawyers

Contact Number: (619) 693-4007 direct

Email: gerry@ferrarovega.com

Assumptions and Estimate are based on information provided by counsel. If class size changes, PHX will need to adjust this Estimate accordingly.

Estimate is based on **318** Class Members. Class data **Must** be sent in Microsoft Excel or uploaded in the same format. Class Data Must be sent in one spreadsheet, with no additional programming needed. A rate of \$150 per hour will be charged for any additional analysis or programming. Pricing good for 90 days.

Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)

Administrative Tasks:	Rate	Hours/Units	Line Item Estimate
Programming Manager	\$125.00	2	\$250.00
Programming Database & Setup	\$125.00	2	\$250.00
NCOA (USPS)	\$145.00	2	\$290.00
Total			\$790.00

* Up to 120 days after disbursement

Data Merger & Scrub / Notice Packet, Opt-Out Form & Postage / Spanish Translation / Reporting

Project Action	Rate	Hours/Units	Line Item Estimate
Notice Packet Formatting	\$125.00	2	\$250.00
Data Merge & Duplication Scrub	\$0.50	318	\$159.00
Notice Packet & Opt-Out Form	\$1.25	318	\$397.50
Estimated Postage (up to 2 oz.)*	\$0.69	318	\$219.42
Total			\$1,025.92

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



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Skip Tracing & Remailing Notice Packets / Tracking & Programming Undeliverables

Project Action:	Rate	Hours/Units	Line Item Estimate
Case Associate	\$50.00	3	\$150.00
Skip Tracing Undeliverables	\$1.50	32	\$47.70
Remail Notice Packets	\$1.25	32	\$39.75
Estimated Postage	\$0.69	32	\$21.94
Programming Undeliverables	\$50.00	3	\$150.00
Total			\$409.39

Database Programming / Processing Opt-Outs, Deficiencies or Disputes

Project Action:	Rate	Hours/Units	Line Item Estimate
Programming Claims Database	\$125.00	2	\$250.00
Non Opt-Out Processing	\$150.00	1	\$150.00
Case Associate	\$55.00	2	\$110.00
Opt-Outs/Deficiency/Dispute Letters	\$10.00	3	\$31.80
Case Manager	\$85.00	2	\$170.00
Total			\$711.80

Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks

Project Action:	Rate	Hours/Units	Line Item Estimate
Programming Calculations	\$125.00	2	\$250.00
Disbursement Review	\$125.00	2	\$250.00
Programming Manager	\$95.00	2	\$190.00
QSF Bank Account & EIN	\$100.00	2	\$200.00
Check Run Setup & Printing	\$125.00	2	\$250.00
Mail Class Checks *	\$1.00	318	\$318.00
Estimated Postage	\$0.69	318	\$219.42
Total			\$1,677.42

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



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations			
Project Action:	Rate	Hours/Units	Line Item Estimate
Case Supervisor	\$125.00	2	\$250.00
Remail Undeliverable Checks (Postage Included)	\$3.30	32	\$104.94
Case Associate	\$55.00	2	\$110.00
Reconcile Uncashed Checks	\$75.00	4	\$300.00
Conclusion Reports	\$125.00	2	\$250.00
Case Manager Conclusion	\$85.00	2	\$170.00
Final Reporting & Declarations	\$125.00	2	\$250.00
IRS & QSF Annual Tax Reporting * (1 State Tax Reporting Included)	\$950.53	1	\$950.53
Total			\$2,385.47

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

Estimate Total: \$7,000.00



TERMS AND CONDITIONS

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

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

Claims: PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality. Additional class members are \$10.00 per opt-out.

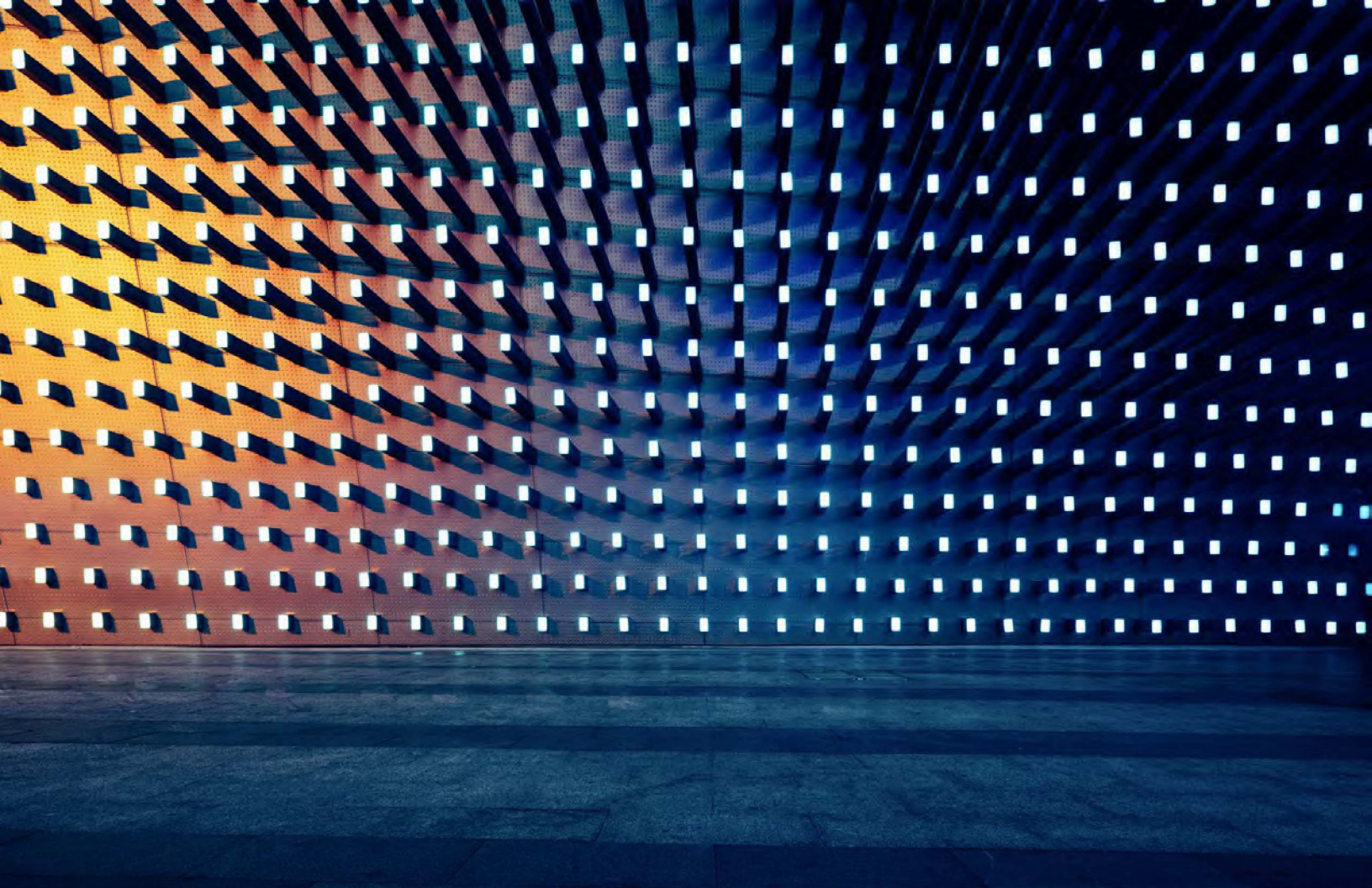
Payment Terms: All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client.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

Tax Reporting Requirements

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

1. Defendant's California State ID and Federal EIN.
2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.
3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.
4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.
5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.

EXHIBIT 9



ELM Solutions

2022 Real Rate Report[®]

The industry's leading
analysis of law firm rates,
trends, and practices

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Report Use Considerations

2022 Real Rate Report

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in the report derive from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Clients might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Some key factors¹ that drive rates²:

Attorney location - Lawyers in urban and major metropolitan areas tend to charge more when compared with lawyers in rural areas or small towns.

Litigation complexity - The cost of representation will be higher if the case is particularly complex or time-consuming; for example, if there are a large number of documents to review, many witnesses to depose, and numerous procedural steps, the case is likely to cost more (regardless of other factors like the lawyer's level of experience).

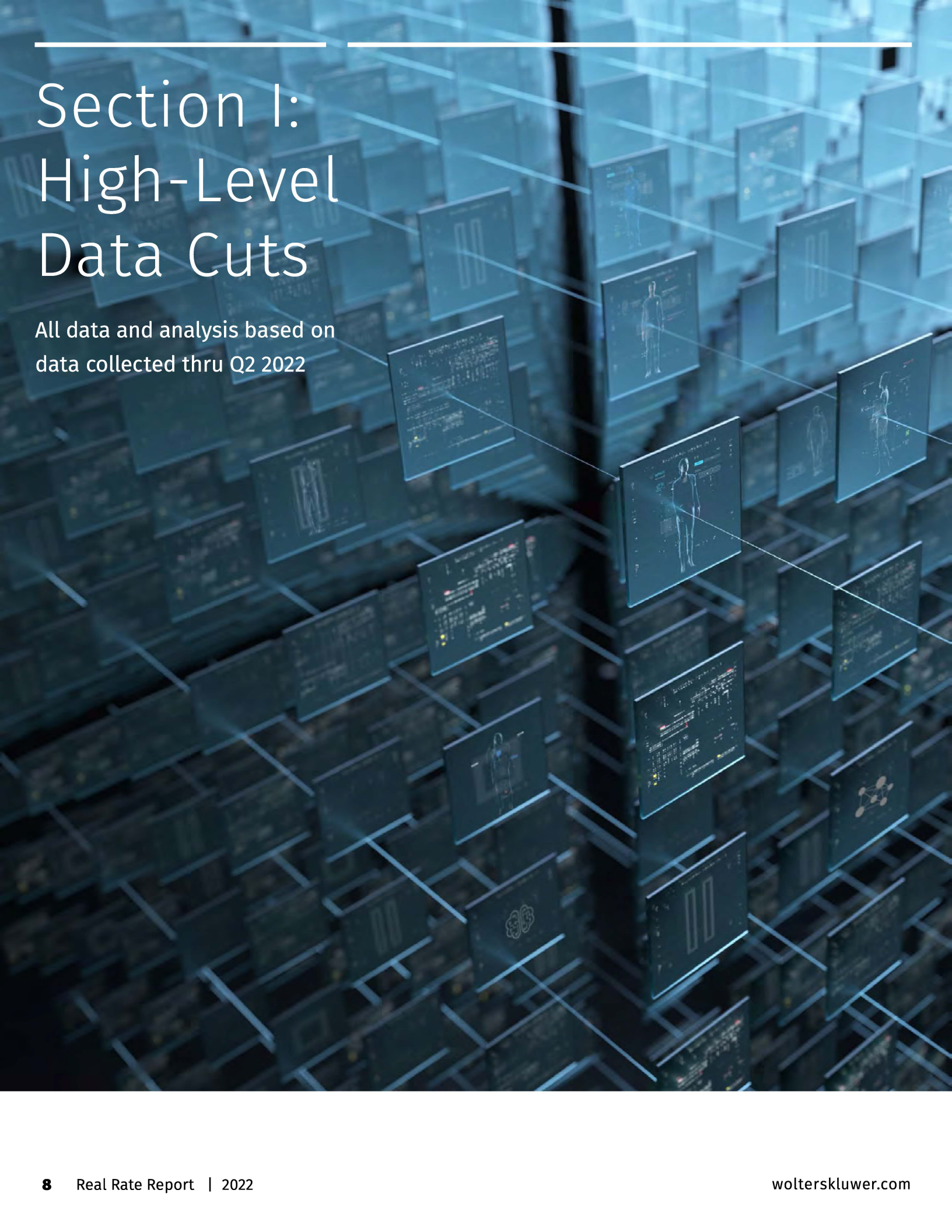
Years of experience and reputation - A more experienced, higher-profile lawyer is often going to charge more, but absorbing this higher cost at the outset may make more sense than hiring a less expensive lawyer who will likely take time and billable hours to come up to speed on unfamiliar legal and procedural issues.

Overhead - The costs associated with the firm's support network (paralegals, clerks, and assistants), document preparation, consultants, research, and other expenses.

Firm size - The rates can increase if the firm is large and has various timekeeper roles at the firm. For example, the cost to work with an associate or partner at a larger firm will be higher compared to a firm that has one to two associates and a paralegal.

¹ David Goguen, J.D., University of San Francisco School of Law (2020) Guide to Legal Services Billing Retrieved from: <https://www.lawyers.com/legal-info/research/guide-to-legal-services-billing-rates.html>

² Source: 2018 RRR. Factor order validated in multiple analyses since 2010

The background is a dark blue, abstract digital space. It features a perspective grid of lines that recede into the distance. Numerous rectangular cards, resembling data screens or tablets, are floating at various angles and depths. These cards display various types of information: some show human silhouettes with internal data points, others show bar charts, line graphs, or code snippets. The overall aesthetic is futuristic and data-driven.

Section I: High-Level Data Cuts

All data and analysis based on
data collected thru Q2 2022

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Jackson MS	Litigation	Associate	56	\$55	\$225	\$250	\$178	\$203	\$175
	Non-Litigation	Partner	24	\$315	\$420	\$485	\$418	\$394	\$375
		Associate	25	\$55	\$126	\$255	\$155	\$125	\$259
Kansas City MO	Litigation	Partner	74	\$413	\$450	\$556	\$472	\$450	\$450
		Associate	50	\$252	\$329	\$385	\$319	\$316	\$305
	Non-Litigation	Partner	101	\$411	\$487	\$615	\$519	\$487	\$464
		Associate	73	\$250	\$320	\$385	\$322	\$312	\$285
Las Vegas NV	Non-Litigation	Partner	20	\$350	\$425	\$525	\$440	\$422	\$432
		Associate	11	\$238	\$267	\$368	\$301	\$297	\$282
Little Rock AR	Non-Litigation	Partner	11	\$215	\$215	\$308	\$264	\$256	\$298
Los Angeles CA	Litigation	Partner	322	\$516	\$725	\$1,045	\$799	\$739	\$702
		Associate	408	\$400	\$615	\$855	\$642	\$606	\$564
	Non-Litigation	Partner	521	\$596	\$868	\$1,201	\$903	\$902	\$858
		Associate	667	\$441	\$603	\$845	\$653	\$712	\$648

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Minneapolis MN	Non-Litigation	Associate	83	\$340	\$421	\$528	\$425	\$408	\$384
		Partner	24	\$275	\$320	\$456	\$363	\$378	\$403
Nashville TN	Litigation	Partner	78	\$412	\$484	\$576	\$505	\$481	\$470
		Associate	59	\$270	\$330	\$384	\$340	\$315	\$285
	Non-Litigation	Partner	32	\$295	\$347	\$405	\$419	\$380	\$391
		Associate	21	\$244	\$250	\$278	\$273	\$303	\$258
New Orleans LA	Litigation	Partner	47	\$290	\$332	\$412	\$343	\$330	\$340
		Associate	42	\$231	\$243	\$340	\$278	\$290	\$275
	Non-Litigation	Partner	32	\$295	\$347	\$405	\$419	\$380	\$391
		Associate	21	\$244	\$250	\$278	\$273	\$303	\$258
New York NY	Litigation	Partner	614	\$475	\$675	\$1,088	\$808	\$784	\$746
		Associate	631	\$323	\$460	\$729	\$545	\$527	\$509
	Non-Litigation	Partner	1,376	\$765	\$1,235	\$1,638	\$1,189	\$1,139	\$1,090
		Associate	1,809	\$550	\$776	\$1,050	\$796	\$766	\$716
Oklahoma City OK	Non-Litigation	Partner	14	\$235	\$338	\$393	\$337	\$319	\$311
Omaha NE	Litigation	Partner	12	\$293	\$339	\$353	\$329	\$338	\$341

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Rochester NY	Non-Litigation	Partner	12	\$270	\$360	\$488	\$386	\$341	\$446
		Associate	13	\$220	\$310	\$375	\$314	\$278	\$287
Sacramento CA	Non-Litigation	Partner	11	\$381	\$437	\$682	\$534	\$559	\$516
Salt Lake City UT	Litigation	Partner	14	\$246	\$353	\$468	\$363	\$333	\$379
	Non-Litigation	Partner	42	\$297	\$371	\$447	\$391	\$363	\$353
		Associate	22	\$220	\$240	\$270	\$248	\$247	\$228
	Litigation	Associate	23	\$151	\$225	\$300	\$255	\$258	\$264
San Diego CA	Non-Litigation	Partner	89	\$332	\$540	\$1,066	\$699	\$667	\$649
		Associate	71	\$250	\$325	\$424	\$373	\$378	\$351
	Litigation	Partner	143	\$423	\$675	\$995	\$742	\$711	\$691
San Francisco CA	Non-Litigation	Partner	221	\$475	\$750	\$950	\$758	\$746	\$741
		Associate	151	\$338	\$486	\$702	\$545	\$563	\$507
	Litigation	Partner	33	\$654	\$921	\$1,133	\$916	\$907	\$864
		Associate	98	\$325	\$430	\$731	\$525	\$517	\$470
San Jose CA	Litigation	Partner	33	\$654	\$921	\$1,133	\$916	\$907	\$864

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
San Jose CA	Litigation	Associate	22	\$461	\$580	\$745	\$608	\$593	\$498
	Non-Litigation	Partner	50	\$660	\$864	\$1,303	\$969	\$985	\$887
		Associate	46	\$380	\$460	\$775	\$616	\$639	\$567
Seattle WA	Litigation	Partner	76	\$497	\$655	\$760	\$635	\$567	\$510
		Associate	61	\$394	\$468	\$530	\$447	\$453	\$395
	Non-Litigation	Partner	148	\$410	\$526	\$760	\$571	\$547	\$547
		Associate	113	\$310	\$395	\$502	\$422	\$401	\$377
St. Louis MO	Litigation	Partner	46	\$260	\$350	\$435	\$376	\$373	\$388
		Associate	17	\$197	\$225	\$250	\$228	\$237	\$232
	Non-Litigation	Partner	57	\$352	\$419	\$540	\$451	\$446	\$473
Tampa FL	Litigation	Partner	31	\$369	\$508	\$595	\$490	\$467	\$452
		Associate	15	\$269	\$298	\$368	\$316	\$302	\$306
Trenton NJ	Non-Litigation	Partner	21	\$408	\$600	\$700	\$569	\$620	\$581
		Associate	12	\$480	\$495	\$500	\$448	\$376	\$387

Section I: High-Level Data Cuts

Cities

By Years of Experience

2022 - Real Rates for Associate

Trend Analysis - Mean

City	Years of Experience	n	First Quartile	Median	Third Quartile	2022	2021	2020
Kansas City MO	3 to Fewer Than 7 Years	15	\$270	\$325	\$360	\$318	\$295	\$283
	7 or More Years	28	\$292	\$334	\$391	\$333	\$312	\$302
Los Angeles CA	Fewer Than 3 Years	63	\$429	\$595	\$654	\$556	\$524	\$488
	3 to Fewer Than 7 Years	144	\$486	\$688	\$838	\$662	\$626	\$530
	7 or More Years	171	\$351	\$550	\$840	\$600	\$634	\$586
Miami FL	3 to Fewer Than 7 Years	19	\$300	\$360	\$457	\$380	\$331	\$313
	7 or More Years	36	\$295	\$450	\$595	\$460	\$433	\$385
Minneapolis MN	Fewer Than 3 Years	11	\$374	\$405	\$446	\$408		\$230
	3 to Fewer Than 7 Years	27	\$340	\$451	\$510	\$421	\$358	\$356
	7 or More Years	27	\$423	\$468	\$585	\$478	\$438	\$392
Nashville TN	7 or More Years	12	\$219	\$245	\$345	\$282	\$266	\$262
New Orleans LA	3 to Fewer Than 7 Years	12	\$232	\$243	\$265	\$261	\$242	\$245
	7 or More Years	18	\$243	\$312	\$343	\$306	\$318	\$294
New York NY	Fewer Than 3 Years	142	\$443	\$622	\$775	\$629	\$600	\$652

Section I: High-Level Data Cuts

Cities

By Years of Experience

2022 - Real Rates for Partner

Trend Analysis - Mean

City	Years of Experience	n	First Quartile	Median	Third Quartile	2022	2021	2020
Kansas City MO	Fewer Than 21 Years	46	\$400	\$450	\$537	\$473	\$411	\$397
	21 or More Years	68	\$440	\$553	\$658	\$539	\$497	\$491
Las Vegas NV	Fewer Than 21 Years	12	\$284	\$381	\$495	\$389	\$349	\$343
	21 or More Years	13	\$350	\$425	\$515	\$468	\$456	\$472
Los Angeles CA	Fewer Than 21 Years	183	\$533	\$801	\$1,075	\$804	\$797	\$682
	21 or More Years	333	\$550	\$765	\$1,133	\$863	\$842	\$808
Memphis TN	Fewer Than 21 Years	14	\$288	\$331	\$380	\$345	\$317	\$328
	21 or More Years	15	\$355	\$415	\$425	\$394	\$382	\$375
Miami FL	Fewer Than 21 Years	57	\$370	\$450	\$598	\$490	\$498	\$443
	21 or More Years	104	\$388	\$581	\$749	\$584	\$580	\$536
Milwaukee WI	21 or More Years	16	\$302	\$454	\$613	\$589	\$515	\$530
Minneapolis MN	Fewer Than 21 Years	36	\$470	\$530	\$607	\$532	\$486	\$499
	21 or More Years	84	\$507	\$675	\$796	\$656	\$620	\$589
Nashville TN	Fewer Than 21 Years	28	\$375	\$405	\$535	\$449	\$405	\$397



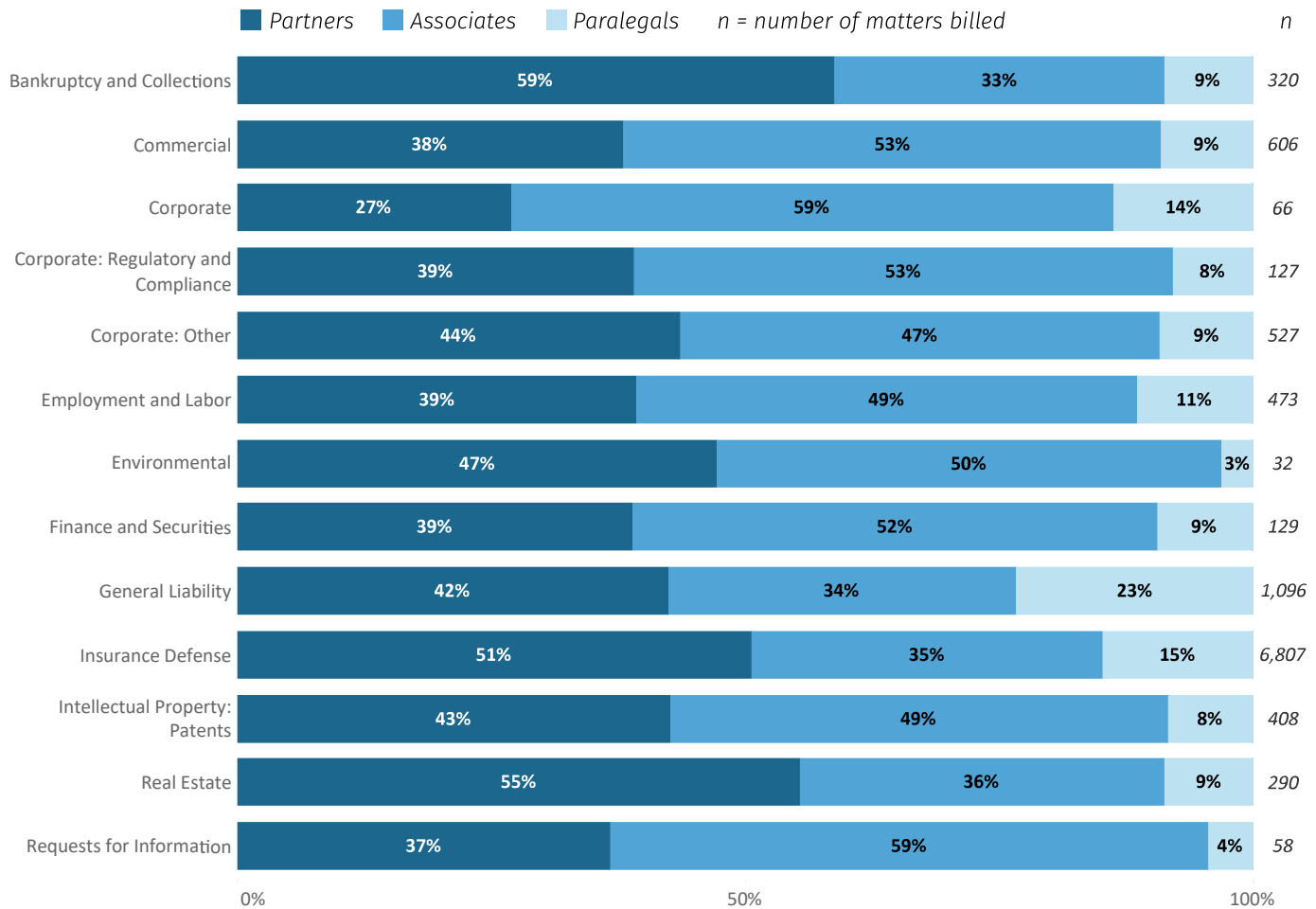
Section VI: Matter Staffing Analysis

All data and analysis based on
data collected thru Q2 2022

Section VI: Matter Staffing Analysis

Long Litigation Matters, More Than 100 Total Hours Billed

2019 to 2022 -- Percentage of Hours Billed per Matter





Section VII: Data Methodology

All data and analysis based on
data collected thru Q2 2022

Appendix: Data Methodology

Invoice Information

Data in Wolters Kluwer ELM Solutions' reference database and the 2022 Real Rate Report were taken from invoice line-item entries contained in invoices received and approved by participating companies.

Invoice data were received in the Legal Electronic Data Exchange Standard (LEDES) format (LEDES.org). The following information was extracted from those invoices and their line items:

- Law firm (which exists as a random number in the ELM Solutions reference database)
- Timekeeper ID (which exists as a random number in the ELM Solutions reference database)
- Matter ID (which exists as a random number in the ELM Solutions reference database)
- Timekeeper's position (role) within the law firm (partner, associate, paralegal, etc.)
- Uniform Task-Based Management System Code Set, Task Codes, and Activity Codes (UTBMS.com)
- Date of service
- Hours billed
- Hourly rate billed
- Fees billed

Non-Invoice Information

To capture practice area details, the matter ID within each invoice was associated with matter profiles containing areas of work in the systems of each company. The areas of work were then systematically categorized into legal practice areas. Normalization of practice areas was done based on company mappings to system-level practice areas available in the ELM Solutions system and by naming convention.

The majority of analyses included in this report have been mapped to one of 11 practice areas, further divided into sub-areas and litigation/non-litigation (for more information on practice areas and sub-areas, please refer to pages 232-234).

To capture location and jurisdiction details, law firms and timekeepers were systematically mapped to the existing profiles within ELM Solutions systems, as well as with publicly available data sources for further validation and normalization. Where city location information is provided, it includes any address within that city's defined Core-Based Statistical Area (CBSA) as defined by the Office of Management and Budget (OMB). The CBSAs are urban centers with populations of 10,000 or more and include all adjacent counties that are economically integrated with that urban center.

Where the analyses focus on partners, associates, and paralegals, the underlying data occasionally included some sub-roles, such as "senior partner" or "junior associate." In such instances, those timekeeper sub-roles were placed within the broader partner, associate, and paralegal segments.

Demographics regarding law firm size, location, and lawyer years of experience were augmented by incorporating publicly available information.

Appendix: Data Methodology

A Note on US Cities

Principal City	CBSA Name
Hartford, CT	Hartford-East Hartford-Middletown, CT
Honolulu, HI	Urban Honolulu HI
Houston, TX	Houston-The Woodlands-Sugar Land, TX
Indianapolis, IN	Indianapolis-Carmel-Anderson, IN
Jackson, MS	Jackson, MS
Jacksonville, FL	Jacksonville, FL
Kansas City, MO	Kansas City, MO-KS
Lafayette, LA	Lafayette, LA
Las Vegas, NV	Las Vegas-Henderson-Paradise, NV
Lexington, KY	Lexington-Fayette, KY
Little Rock, AR	Little Rock-North Little Rock-Conway, AR
Los Angeles, CA	Los Angeles-Long Beach-Anaheim, CA
Louisville, KY	Louisville/Jefferson County, KY-IN
Madison, WI	Madison, WI
Memphis, TN	Memphis-Forrest City, TN-MS-AR
Miami, FL	Miami-Fort Lauderdale-Pompano Beach, FL
Milwaukee, WI	Milwaukee-Waukesha, WI
Minneapolis, MN	Minneapolis-St. Paul-Bloomington, MN-WI
Nashville, TN	Nashville-Davidson-Murfreesboro-Franklin, TN
New Haven, CT	New Haven-Milford, CT
New Orleans, LA	New Orleans-Metairie, LA
New York, NY	New York-Newark-Jersey City, NY-NJ-PA
Oklahoma City, OK	Oklahoma City, OK
Omaha, NE	Omaha-Council Bluffs, NE-IA
Orlando, FL	Orlando-Kissimmee-Sanford, FL
Philadelphia, PA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Phoenix, AZ	Phoenix-Mesa-Chandler, AZ
Pittsburgh, PA	Pittsburgh, PA
Portland, ME	Portland-South Portland, ME
Portland, OR	Portland-Vancouver-Hillsboro, OR-WA
Providence, RI	Providence-Warwick, RI-MA
Raleigh, NC	Raleigh-Cary, NC
Reno, NV	Reno-Carson City-Fernley, NV

Appendix: Data Methodology

Bankruptcy and Collections

Chapter 11
Collections

General/Other
Workouts and Restructuring

Commercial (Commercial Transactions and Agreements)

Contract Breach or Dispute
General, Drafting, and Review
General/Other

Corporate¹

Antitrust and Competition
Corporate Development
General/Other
Governance
Information and Technology
Mergers, Acquisitions, and Divestitures

Partnerships and Joint Ventures
Regulatory and Compliance
Tax
Treasury
White Collar/Fraud/Abuse

Employment and Labor

ADA
Agreements
Compensation and Benefits
Discrimination, Retaliation, and Harassment/EEO
Employee Dishonesty/Misconduct
ERISA

General/Other
Immigration
Union Relations and Negotiations/NLRB
Wages, Tips, and Overtime
Wrongful Termination

Environmental

General/Other
Health and Safety

Superfund
Waste/Remediation

Finance and Securities

Commercial Loans and Financing
Debt/Equity Offerings
Fiduciary Services
General/Other

Investments and Other Financial Instruments
Loans and Financing
SEC Filings and Financial Reporting
Securities and Banking Regulations

General Liability

Asbestos/Mesothelioma
Auto and Transportation
Consumer Related Claims
Crime, Dishonesty and Fraud
General/Other

Personal Injury/Wrongful Death
Premises
Product and Product Liability
Property Damage
Toxic Tort

¹ All references to “Corporate: General/Other” in the Real Rate Report are the aggregation of all Corporate sub-areas excluding the Mergers, Acquisitions, and Divestitures sub-area and the Regulatory and Compliance sub-area.

EXHIBIT 10

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Business & Practice

Big Law Rates Topping \$2,000 Leave Value ‘In Eye of Beholder’

By Roy Strom

Column

June 9, 2022, 2:30 AM

Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation's top law firms are charging more than \$2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than \$1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges \$1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at \$2,465 an hour. Want to hire famous litigator David Boies? That'll cost \$1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the \$2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	\$2,465
Latham & Watkins	\$2,075
Kirkland & Ellis	\$1,995
Simpson Thacher & Bartlett	\$1,965
Boies Schiller Flexner	\$1,950
Sidley Austin	\$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over \$5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly \$2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than \$1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

Worth Your Time

On Cravath: Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast [here](#).



That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

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Documents

[Trustee's Objection](#)

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