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Attorneys for Plaintiff and the Putative Class

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN FRANCISCO

RUDOLPH FERGUSON, on behalf of himself
and all others similarly situated,

Plaintiff,

v.

CITY BAKING COMPANY, a California
Corporation; and DOES 1-50, inclusive.

Defendants.

CASE NO.: CGC-24-615568

Assigned to Hon. Ethan P. Schulman

**DECLARATION OF MEHRDAD
BOKHOUR IN SUPPORT OF CLASS
ACTION SETTLEMENT**

HEARING INFO

Date: August 13, 2025

Time: 11:00 a.m.

Dept.: 304

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1 twenty-five wage-and-hour class actions and as co-counsel in at least twenty additional cases.

2 6. I was selected as a “Super Lawyer Rising Star” in Employment Litigation each year
3 from 2017 through 2022, and as a “Super Lawyer” in 2023, 2024, and 2025—a distinction awarded
4 to no more than 2.5% of attorneys practicing in the field..

5 7. Through a contested but productive mediation, Plaintiff and Defendant City Banking
6 Company (“Defendant”) (collectively, the “Parties”) entered into a Class Action and PAGA
7 Settlement Agreement (“Settlement Agreement” or “Settlement”), resolving the wage and hour
8 claims asserted on behalf of the Settlement Class. A true and correct copy of the Settlement
9 Agreement is attached hereto as **Exhibit “A”**.

10 8. The Settlement Agreement provides for a full and final release of claims asserted in
11 this Action in exchange for Defendant’s agreement to pay a non-reversionary Gross Settlement
12 Amount of \$600,000. The Settlement is structured on a non-claims-made basis, meaning that each
13 Settlement Class Member who does not opt out will automatically receive their share of the Net
14 Settlement Amount without the need to submit a claim form or take any affirmative action.

15 9. Plaintiff seeks to represent a Class of all current and former non-exempt employees of
16 Defendant who worked for Defendant in California June 18, 2020 through June 4, 2025 (the “Class”
17 or “Class Members”). Likewise, the PAGA Members include all current and former non-exempt
18 employees of Defendant who worked for Defendant in California from June 18, 2023 through June
19 4, 2025. (“PAGA Members”)..

20 10. Under the terms of the Settlement Agreement, Defendant will not oppose Class
21 Counsel’s application for a reasonable award of attorney’s fees not to exceed one-third of the
22 Settlement Amount, Class Counsel’s litigation costs not to exceed \$20,000, Settlement
23 Administration Costs not to exceed \$7,500, PAGA penalties of \$10,000 (of which \$7,500 or 75%
24 will be paid to the LWDA and the remaining \$2,500 or 25% will be paid to the PAGA Members),
25 and a Service Award not to exceed \$10,000 to the named Plaintiff (S.A. ¶ 3 *et seq.*, as follows:

	Total Amount
<i>Gross Settlement Amount</i>	\$600,000
Class Counsel Litigation Expenses Payment (not to exceed 1/3 of GSA)	\$200,000

Class Counsel Fees Payment (not to exceed)	\$25,000.00
Administration Expenses Payment (not to exceed)	\$7,500.00
PAGA Penalties to LWDA (75% of \$10k award)	\$7,500.00
PAGA Penalties to PAGA Members	\$2,500.00
Plaintiff's Service Awards	\$10,000.00
<i>Net Settlement Amount</i>	\$347,500.00

11. The Settlement Class consists of approximately 280 non-exempt employees who worked for Defendant in California during the Class Period. Plaintiff alleges that, regardless of job title or department, all non-exempt employees were subject to common wage-and-hour policies and practices that gave rise to the alleged violations. Individual Settlement Payments will be distributed on a pro rata basis, determined by the number of Compensable Workweeks each Class Member worked during the Class Period. Based on the estimated Net Settlement Amount of \$347,500 and a Class size of approximately 280 individuals, the average individual payment is approximately \$1,241 with the highest estimated payment being approximately \$4,572. Class Members who worked more Compensable Workweeks will receive proportionally greater payments.

12. The Settlement is non-reversionary, and Settlement Class Members are not required to submit Claim Forms to receive payment. Each Settlement Class Member will be mailed a Class Notice containing information about their estimated Individual Class Payment, the opportunity to dispute the number of Workweeks credited to them during the Class Period, and instructions on how to submit a Request for Exclusion or an Objection to the Settlement. All Settlement Class Members who do not timely submit a valid Request for Exclusion will automatically receive their Individual Settlement Payment after the Court grants Final Approval. PAGA Members eligible for payments under the PAGA portion of the Settlement may not opt out and will receive their share of the PAGA Amount regardless of participation in the class settlement (attached hereto as **Exhibit B**).

13. Because the Settlement is fair, reasonable, and the result of arm's-length negotiations between experienced counsel with the assistance of an experienced mediator, following an appropriate and thorough exchange of relevant information and documents, it warrants preliminary approval. Plaintiff respectfully requests that the Court enter an order: (1) preliminarily approving the

1 Settlement; (2) conditionally certifying the Settlement Class pursuant to California Code of Civil
2 Procedure § 382 for settlement purposes only; (3) approving the form and content of the proposed
3 Class Notice; (4) appointing Plaintiff’s counsel as Class Counsel; (5) appointing Phoenix Class
4 Action Administration Solutions as the Settlement Administrator; and (6) scheduling a Final
5 Approval Hearing.

6 14. Defendant produces and distributes baked goods such as rolls, muffins, cookies, bars,
7 scones, croissants, and pastries out of its 33,000 square foot facility in South San Francisco. Plaintiff
8 was employed by Defendant as a non-exempt employee with the title of “Delivery Driver” out of the
9 San Francisco, California, location, beginning on September 9, 2021, until his separation from
10 employment on October 10, 2023. Plaintiff and other non-exempt employees (including, but not
11 limited to, Production and Distribution workers, Bakers, Sanitation Workers, Delivery Drivers,
12 Millwrights, and all other non-exempt positions) were responsible for all aspects of Defendant’s
13 business in California. However, in these roles, Plaintiff and non-exempt employees were often not
14 afforded all protections and rights conferred under the California Labor Code and applicable wage
15 orders.

16 15. On June 18, 2024, Plaintiff filed suit in San Francisco County Superior Court,
17 asserting claims based on City Baking’s alleged: (1) failure to pay all minimum and overtime wages;
18 (2) failure to provide meal periods; (3) failure to provide rest breaks; (4) failure to provide accurate
19 itemized wage statements; (5) failure to pay sick wages, (6) failure to pay all wages due upon
20 separation of employment; (7) failure to reimburse necessary business expenses; and (8) violation of
21 California’s Unfair Competition Law (“UCL”). On August 22, 2024, Plaintiff filed a First Amended
22 Complaint alleging a cause of action for alleged PAGA penalties.

23 16. Throughout the investigation and litigation, Defendant denied Plaintiff’s allegations
24 and indicated it would vigorously defend against them. However, before engaging in protracted
25 litigation, the Parties agreed to explore early resolution through private mediation.

26 17. The Parties conducted a thorough investigation into the facts and legal issues in this
27 Action. This included interviews with putative class members, an investigation of Defendant’s
28 operations and pay practices, and the informal exchange of discovery materials, including

1 Defendant's written policies and practices, as well as a representative sampling of payroll and
2 timekeeping records for Settlement Class Members and PAGA Members. Class Counsel has
3 extensive experience in wage and hour litigation and has conducted substantial research regarding
4 the legal claims and potential defenses at issue. Class Counsel has diligently investigated the claims
5 asserted on behalf of the Settlement Class Members and PAGA Members.

6 18. Based on this investigation and their own independent evaluation, Class Counsel
7 believes that the proposed Settlement is fair, reasonable, and adequate, and is in the best interests of
8 the Settlement Class Members and PAGA Members, especially in light of the risks and uncertainties
9 associated with continued litigation, Defendant's asserted defenses, and potential appellate issues.

10 19. On March 4, 2025, the Parties participated in an all-day mediation, presided over by the
11 Honorable Brian Walsh (Ret.). Following that session, and after the issuance of a mediator's proposal,
12 the Parties reached a settlement.

13 20. Plaintiff alleges various wage and hour violations on behalf of non-exempt employees
14 who worked for Defendant in California during the Class Period (i.e., Settlement Class Members).

15 21. First, Plaintiff alleges that Defendant failed to properly calculate and pay overtime and
16 sick pay wages by excluding non-discretionary bonuses and other forms of remuneration from the
17 "regular rate of pay."

18 22. Additionally, Plaintiff alleges that Defendant maintained deficient meal and rest break
19 policies and practices that failed to provide Class Members with timely, duty-free, and compliant
20 meal periods, or premium wages in lieu thereof. Plaintiff also asserts that Class Members were not
21 provided with duty-free rest periods of at least ten (10) minutes for every four (4) hours worked, or
22 major fraction thereof, due to unlawful policies that required employees to remain on duty and/or on
23 the premises during rest periods.

24 23. Plaintiff further alleges that Defendant failed to pay all final wages upon separation of
25 employment and did not furnish accurate, itemized wage statements in compliance with Labor Code
26 § 226. Finally, Plaintiff brings representative claims under the Private Attorneys General Act
27 ("PAGA") for civil penalties based on the alleged Labor Code violations described above.

28 24. Defendant contested and denied all material allegations raised by Plaintiff, both on the

1 merits and with respect to the propriety of class certification and PAGA representative treatment.
2 First, Defendant argued that it correctly calculated and paid all overtime and sick pay wages using
3 the appropriate “regular rate of pay,” inclusive of all non-discretionary bonuses and other forms of
4 compensation. Defendant denied excluding any required remuneration from its regular rate
5 calculations.

6 25. Additionally, Defendant maintained that its written meal and rest period policies
7 complied with California law and that, in practice, Settlement Class Members were provided the
8 opportunity to take timely, duty-free meal and rest periods. Defendant denied having any policy or
9 practice requiring employees to remain on duty or on the premises during rest periods.

10 26. Defendant also argued that Plaintiff’s claims for wage statement violations, waiting
11 time penalties, and PAGA penalties were derivative of other claims it contended were meritless.
12 Accordingly, Defendant denied any violations that would give rise to penalties under Labor Code
13 sections 203 or 226.

14 27. Finally, Defendant asserted that individualized inquiries would be necessary to
15 determine liability—such as whether and why specific employees took shortened or untimely meal
16 periods, and how break compliance was managed by different supervisors. Defendant emphasized
17 that putative Class Members held different positions, performed different duties, worked in various
18 locations, and were subject to diverse managerial practices. Defendant argued that this variability
19 rendered the case unsuitable for class or representative treatment.

20 28. Based upon Plaintiff’s and his counsel’s independent investigation and detailed data
21 obtained through informal discovery and information exchanges, and factoring in claim certification
22 probabilities and liability probabilities, Class Counsel formulated detailed damages models to
23 evaluate the claims in preparation for mediation and in order to reach a realistic and reasonable
24 resolution as further detailed below.

25 29. Next, Plaintiff alleged that Defendant failed to properly calculate the “regular rate of
26 pay” by excluding non-discretionary bonuses, commissions, and other incentive payments when
27 paying overtime and sick pay wages. Plaintiff contends that these exclusions resulted in a systemic
28 underpayment of compensation, in violation of California law. Based on a review of the payroll and

1 paystub data produced in discovery, Plaintiff estimates that Defendant's failure to include all required
2 forms of remuneration in the regular rate of pay led to underpayment of both overtime and sick pay
3 wages across the Class.

4 30. In response, Defendant argued that many of the incentive payments at issue were
5 discretionary and therefore properly excluded from regular rate calculations. Defendant further
6 asserted that all overtime and sick pay was lawfully calculated and paid in good faith, and that any
7 potential underpayment, if it occurred, was minimal and non-systemic.

8 31. While Plaintiff maintains that the bonuses and incentive payments at issue were non-
9 discretionary and therefore required to be included in the regular rate of pay, Plaintiff also
10 acknowledges the litigation risks associated with this claim. These risks include the possibility that
11 the Court could deny class certification based on individual variations in pay structures and the nature
12 of the bonuses. Additionally, there is a risk on the merits, including the potential for summary
13 judgment or an unfavorable outcome at trial. In light of these risks, Plaintiff applied a discount to the
14 estimated value of the claim to account for the potential that certification may be denied or the claim
15 may not succeed on the merits.

16 32. Plaintiff also alleged that Defendant failed to timely pay all wages due at separation
17 of employment, entitling former employees to waiting time penalties under Labor Code §§ 201–203.
18 Based on Defendant's records, there were approximately 166 Settlement Class Members who
19 separated from their employment during the applicable statutory period. Using the statutory
20 maximum of 30 days, with an assumed 8-hour workday and an average hourly rate of \$20, the total
21 maximum potential exposure for waiting time penalties is approximately \$796,8000 (166 employees
22 $\times 8 \text{ hours/day} \times \$20/\text{hour} \times 30 \text{ days}$).

23 33. Defendant disputed this claim and asserted that any failure to pay wages at separation
24 was not willful and, therefore, did not give rise to waiting time penalties under the Labor Code.
25 Defendant also contended that it maintained facially neutral and compliant payroll practices and
26 would defeat any underlying wage claims on the merits or at class certification.

27 34. To account for these risks, Plaintiff applied an equitable discount reflecting the risk of
28 denial at class certification, as well as an additional discount for the risk of defeat at summary

1 judgment or trial. Applying a combined 40% discount, Plaintiff estimates a risk-adjusted value of
2 \$478,080 for the waiting time penalty claim.

3 35. With respect to Plaintiff's meal and rest period claims, the Class Members collectively
4 worked approximately 83,084 shifts during the Class Period. Based on Plaintiff's analysis of a
5 representative sample of Defendant's timekeeping and payroll records produced prior to mediation,
6 Plaintiff applied an estimated 70% violation rate for meal periods and a 33% violation rate for rest
7 periods. Using the applicable premium rate of \$22 per missed break, the maximum potential damages
8 are estimated at approximately \$1,163,176 for the meal period claim ($83,084 \text{ shifts} \times 70\% \times \20) and
9 \$543,354 for the rest period claim
10 ($83,084 \text{ shifts} \times 33\% \times \20).

11 36. Defendant contested liability for both claims, asserting that meal and rest period issues
12 presented individualized questions inappropriate for class certification. Defendant maintained that its
13 written policies were facially compliant with California law and that employees were provided
14 flexibility to take breaks at their discretion. It further argued that manager-specific practices, job
15 duties, and employee choices varied significantly, requiring individualized inquiries into whether
16 breaks were missed or voluntarily skipped. Based on these risks, Plaintiff acknowledged that there
17 was a significant chance that the Court could deny class certification.

18 37. Defendant also asserted that, even if certification were granted, it would prevail on the
19 merits by showing that it either provided compliant breaks or paid the required premium
20 compensation. Defendant contended that Plaintiff would be unable to present reliable, representative
21 evidence sufficient to establish liability or support a class-wide damages award. In light of these risks,
22 Plaintiff acknowledged the risks and incorporated a 75% reduction, and calculates a risk-adjusted
23 value of \$290,794 for the meal period claims and \$135,838 for the rest period claims.

24 38. Finally, Plaintiff alleged that Defendant issued noncompliant wage statements in
25 violation of Labor Code § 226, based on the same facts underlying Plaintiff's claims for unpaid
26 wages, meal and rest period premiums, and failure to include all forms of compensation in the regular
27 rate of pay. Plaintiff estimates that approximately 3,515 allegedly violative wage statements were
28 issued during the Class Period. In calculating Defendant's maximum potential exposure, Plaintiff

1 conservatively assumed that only the “initial” penalty of \$50 per violation would apply, in accordance
2 with Labor Code § 226(e) and case law holding that higher penalties apply only after an employer
3 has been notified of the violations. See *Amaral v. Cintas Corp. No. 2*, 163 Cal.App.4th 1157, 1207
4 (2008). This results in a maximum potential penalty of \$175,750 (3,515 × \$50).

5 39. Defendant disputed this claim and asserted that its wage statements fully complied
6 with the requirements of Labor Code § 226. Defendant further argued that, even if there were any
7 errors, they were not “knowing and intentional,” and that Plaintiff could not establish the required
8 element of injury. Defendant also relied on its defenses to the underlying wage and hour claims and
9 to class certification.

10 40. In light of these risks, Plaintiff applied a reasonable discount to account for the
11 possibility of denial at the class certification stage, as well as an additional discount for the risk of
12 loss on the merits. Applying these risk adjustments, Plaintiff calculates a risk-adjusted value of
13 \$70,300 for the wage statement penalty claim.

14 41. Plaintiff also sought civil penalties under the Private Attorneys General Act of 2004
15 (“PAGA”) for each Labor Code violation for which such penalties are available, and alleged that
16 these penalties could be assessed on a cumulative or “stacked” basis. See *Gonzalez v. Corecivic of*
17 *Tennessee, LLC*, No. 1:16-cv-01891-DAD-JLT, 2018 WL 4388425, at *12 (E.D. Cal. Sept. 12, 2018)
18 (“‘stacking’ PAGA penalties is not inappropriate under California law”). Assuming application of
19 the default penalty of \$100 per pay period pursuant to Labor Code § 2699(f)(2), and that penalties
20 are not subject to reduction or judicial discretion, the maximum potential exposure for PAGA
21 penalties could reach approximately \$351,500 (3,515 pay periods × \$100).

22 42. However, this theoretical maximum does not account for significant legal
23 uncertainties. First, courts are divided on whether stacking PAGA penalties across multiple violations
24 within a single pay period is permissible, particularly where the violations are derivative in nature.
25 Second, Labor Code § 2699(e)(2) grants courts broad discretion to reduce civil penalties where
26 necessary to avoid an award that is “unjust, arbitrary and oppressive, or confiscatory.” See *Cotter v.*
27 *Lyft, Inc.*, 193 F. Supp. 3d 1030, 1037 (N.D. Cal. 2016) (approving reduction of PAGA penalties
28 where the employer did not act willfully or negligently, and legal obligations were unclear).

1 43. In recognition of these risks—including the likelihood of judicial reduction and the
2 challenges of prevailing on the merits of the underlying claims—Plaintiff applied significant
3 discounts to the estimated penalty exposure. After accounting for these risks, Plaintiff estimated a
4 reasonable potential value of \$87,875 in PAGA penalties. However, in light of the Parties’ mutual
5 desire to resolve the matter without protracted litigation, they agreed to allocate \$10,000 of the Gross
6 Settlement Amount toward resolution of the PAGA claim, which Plaintiff believes is fair and
7 reasonable under the circumstances.

8 44. In sum, when factoring in defenses and risks of ongoing litigation, Plaintiff estimates
9 the risk-adjusted class recovery as follows:

10	• Regular Rate of Pay Claim:	\$0 (discounted)
11	• Labor Code §§ 201 – 203 Claims:	\$478,080
12	• Meal Period Claims:	\$290,794
13	• Rest Break Claims:	\$135,838
14	• Wage Statement Claims:	\$70,300
15	• PAGA Penalties	\$10,000
16	• <u>Total Risk-Adjusted Penalties and Damages:</u>	\$985,012

17 Given the realistic value of Plaintiff’s claims, the \$600,000 Settlement Amount is an excellent
18 result for the Class, considering that the Settlement Amount totals approximately 60% of Plaintiff’s
19 risk-adjusted value of the case. Preliminary approval is appropriate since the Settlement will provide
20 significant monetary relief to the Class.

21 45. The Settlement was the product of extensive arm’s length negotiations between
22 counsel and was facilitated by an experienced wage-and-hour class action mediator. Though cordial
23 and professional, the Settlement negotiations were adversarial and non-collusive in nature. The
24 Settlement reached is the product of substantial effort by the Parties and their counsel. Although
25 Plaintiff and his counsel believe that there was a possibility of certifying the claims, they recognized
26 the potential risk, expense, and complexity posed by litigation, such as unfavorable decisions on class
27 certification, summary judgment, at trial and/or on the damages awarded, and/or on an appeal that
28 can take several more years to litigate. In addition, if Defendant prevailed on any of their defenses,

1 the employees may not have received any substantial monetary recovery.

2 46. The Settlement will result in a fair payment to each Settlement Class Member based
3 on the number of Weeks Worked during the Class Period. As set forth hereinabove, Plaintiff and
4 counsel have diligently investigated the claims and defenses on behalf of the Settlement Class
5 Members and worked to achieve a resolution of the claims to maximize the recovery by avoiding
6 further expenditure of Attorneys' Fees and Costs. After evaluating the significant risks attendant with
7 further litigation described above and weighing them against the benefits of a known compromise
8 and settlement as set forth in the Settlement Agreement, settlement on the terms agreed to is believed
9 to be in the best interest of Plaintiff and the Settlement Class, and is a fair and reasonable resolution
10 of the claims alleged.

11 47. Plaintiff's counsel brought to bear a great deal of collective experience in negotiating
12 the settlement of this case. As detailed herein, Plaintiff's counsel engaged in necessary informal
13 discovery, investigation, sampling, and expert evaluation, making it possible to exercise informed
14 judgment throughout the settlement process, including significant document review (e.g., documents
15 pertaining to Defendant's policies and procedures, personnel documents, wage statements, time
16 records, among others) and conducted an extensive analysis and extrapolation of the sampling of
17 class-wide data provided by Defendant.

18 48. Based on our experience in other cases, including wage and hour matters, I believe
19 our office, along with Joshua Falakassa, is qualified to evaluate the class claims and viability of
20 defenses in this class action. In this case, the recovery for each Settlement Class Member is
21 reasonable, fair, and adequate, and a settlement at this time is in the best interest of the Settlement
22 Class. The Settlement provides each Settlement Class Member with compensation for the alleged
23 violations when viewed in relation to the costs and risks inherent in obtaining class certification and
24 proceeding to trial.

25 49. Plaintiff's counsel, as well as Defendant's counsel, fully endorse the terms and
26 conditions of the Settlement as set forth in the abovementioned Settlement Agreement.

27 50. Of course, the Settlement Amount represents a compromise figure, taking into account
28 the various risks surrounding class certification and the merits of Defendant's asserted defenses.

1 Nevertheless, the Settlement provides fair and adequate payments to the Settlement Class Members,
2 with no reversion to Defendant.

3 51. Plaintiff seeks a Service Award of \$10,000, which we believe is fair and warranted.
4 Plaintiff agreed to come forward in an effort to effectuate a policy and practice change that would
5 benefit all other Settlement Class Members and to recover unpaid wages and penalties. Mr. Ferguson
6 assumed significant risk in bringing this litigation, namely, had he lost, he could have been ordered
7 to pay Defendant's costs.

8 52. Plaintiff provided invaluable assistance to the investigation and prosecution of this
9 case, including: providing factual background for the Class Complaint; reviewing the litigation
10 documents; providing information and documentation about Defendant's policies and practices;
11 participating in phone calls to discuss litigation and settlement strategy; participating in the mediation
12 process, and reviewing the settlement documents. Plaintiff agreed to participate in this case with no
13 guarantee of personal benefit. Plaintiff's comprehensive declarations setting forth all of the reasons
14 why they believe that the Service Award should be approved has been filed herewith.

15 53. When this case was taken on a contingency fee basis, with our firms agreeing to
16 assume responsibility for all litigation costs, the ultimate result was far from certain. In the course of
17 this litigation, we paid all costs including the filing fees, court costs, research/database fees, mediation
18 costs, and expert costs. There was never a guarantee that our firms would recoup these expenditures.

19 54. It is our experience that attorneys' fee awards of one-third of a common fund
20 settlement are the standard in California. In this case, Plaintiff's counsel agreed to seek one-third of
21 the Settlement Amount for Attorneys' Fees. Defendant does not oppose this fee request. The fee is
22 further warranted because it is within the range of reasonableness typically awarded in class actions.
23 Our firm's Costs will not exceed \$25,000 and will be based on the actual amount incurred at the time
24 of final approval.

25 55. Subject to the Court's approval, the parties stipulated that Phoenix., would serve as
26 the Settlement Administrator. Phoenix is experienced in administering class action settlements and
27 will not exceed \$7,500 to administer this class action Settlement.

28 56. Plaintiff has concurrently submitted the Settlement to the LWDA in accordance with

1 Labor Code Section 2699(1)(2). The proof of submission is attached hereto as **Exhibit “C.”**

2 57. Plaintiff’s PAGA Notice Letter is attached hereto as **Exhibit “D”**.

3 58. For the foregoing reasons, it is respectfully requested that the Court grant preliminary
4 approval of the Settlement as being fair, reasonable, and in the best interests of the Settlement Class,
5 as well as preliminarily approve the requested Attorneys’ Fees and Costs, and Service Award to the
6 Class Representative.

7 I declare under penalty of perjury under the laws of California that the foregoing is true and
8 correct on this 11th day of July 2025, in Los Angeles, California.

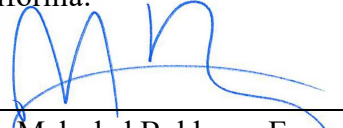
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EXHIBIT “A”

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action Settlement Agreement (“Agreement”) is made by and between Plaintiff Rudolph Ferguson (“Plaintiff”) and Defendant City Baking Company (“City Baking”). The Agreement refers to Plaintiff and City Baking collectively as “Parties” or individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means the Plaintiff’s putative class action alleging wage and hour violations against City Baking captioned *Rudolph Ferguson, on behalf of himself and all other similarly situated v. City Baking Company, and DOES I through 50, inclusive*, initiated on July 18, 2024, and pending in Superior Court of the State of California, County of San Francisco, Case No. CGC-24-615568.
- 1.2 “Administrator” means Phoenix Class Action Administration Solutions, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4 “Class” means all individuals who are or were employed by City Baking as non-exempt hourly employees in California during the Class Period.
- 1.5 “Class Counsel” means Mehrdad Bokhour of Bokhour Law Group, P.C., and Joshua S. Falakassa of Falakassa Law, P.C.
- 1.6 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.7 “Class Data” means class members’ identifying information in City Baking’s possession, including the class member’s name, last-known mailing address, social security number, and number of class period workweeks and PAGA pay periods.
- 1.8 “Class Member” or “Settlement Class Member” refers to a member of the Class, including both Participating Class Members and Non-Participating Class Members (and, in the case of Non-Participating Class Members, those who qualify as PAGA Members).
- 1.9 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means, including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.
- 1.10 “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be

mailed to Class Members in English and Spanish in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

- 1.11 “Class Period” means the period from June 18, 2020 through June 4, 2025.
- 1.12 “Class Representative” means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.
- 1.13 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
- 1.14 “Court” means the Superior Court of California, County of San Francisco.
- 1.15 “City Baking” means the named Defendant City Baking Company.
- 1.16 “Defense Counsel” means Jeanine DeBacker of McPharlin Sprinkles & Thomas LLP.
- 1.17 “Effective Date” means the date by when both the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final.
- 1.18 “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.19 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.20 “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.21 “Gross Settlement Amount” means \$600,000, which is the total amount City Baking agrees to pay under the Settlement except as provided in Paragraph 10 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment, and the Administrator’s Expenses. City Baking shall be separately responsible for the cost of its share of employer-side payroll taxes. The Settlement is non-reversionary.
- 1.22 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.23 “Individual PAGA Payment” means the PAGA Member’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.
- 1.24 “Judgment” means the judgment entered by the Court based upon the Final Approval.

- 1.25 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.26 “LWDA PAGA Payment” means 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.27 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The Net Settlement Amount is to be paid to Participating Class Members as Individual Class Payments.
- 1.28 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.29 “PAGA Member” means any non-exempt hourly employee who works or worked for City Baking in California at any time during the PAGA Period.
- 1.30 “PAGA Pay Period” means any Pay Period during which a PAGA Member worked for City Baking for at least one day during the PAGA Period.
- 1.31 “PAGA Period” means the period from June 18, 2023 through June 4, 2025.
- 1.32 “PAGA” means the Private Attorneys General Act (Labor Code § 2698. et seq.).
- 1.33 “PAGA Notice” means Plaintiff’s June 18, 2024 letter to City Baking and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.34 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the PAGA Members (\$2,500) and 75% to the LWDA (\$7,500) in settlement of the PAGA claims.
- 1.35 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.36 “Plaintiff” means Rudolph Ferguson, the named plaintiff in the Action.
- 1.37 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.38 "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.39 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

- 1.40 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.
- 1.41 “Released Parties” means City Baking Convalescent and Rehabilitation Hospital, Inc., and any of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, parents, subsidiaries, and affiliates.
- 1.42 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.43 “Response Deadline” means 45 days after the Administrator mails Notice to Class Members and PAGA Members and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.
- 1.44 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.
- 1.45 “Workweek” means any week during which a Class Member worked for City Baking for at least one day, during the Class Period.

2. RECITALS.

- 2.1 On June 18, 2024, Plaintiff filed suit in San Francisco County Superior Court, asserting claims based on City Baking’s alleged: (1) failure to pay all minimum and overtime and sick wages; (2) failure to provide meal periods; (3) failure to provide rest breaks; (4) failure to provide accurate itemized wage statements; (5) failure to pay all wages due upon separation of employment; (6) failure to reimburse necessary business expenses; and (7) violation of California’s Unfair Competition Law (“UCL”). On August 22, 2024, Plaintiff filed a First Amended Complaint alleging a cause of action for alleged PAGA penalties. The First Amended Complaint is the operative complaint in the Action (the “Operative Complaint”).
- 2.2 City Baking denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint and denies any and all liability for the causes of action alleged.
- 2.3 Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to City Baking and the LWDA by sending the PAGA Notice.
- 2.4 On March 4, 2025, the Parties participated in an all-day mediation presided over by Hon. Brian Walsh (Ret.), which led to this Agreement.
- 2.5 Prior to mediation, Plaintiff obtained, through informal discovery, a sampling of time and corresponding pay records belonging to approximately 25% of Class Members, relevant City Baking’s policies, Plaintiff’s time and payroll records and wage

statements, and the total number of Class Periods Employees and workweeks worked during the Class Period.

2.6 The Court has not granted class certification.

2.7 The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. **MONETARY TERMS.**

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 10 below, City Baking promises to pay \$600,000.00, no more as the Gross Settlement Amount, and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. City Baking has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or PAGA Members to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to City Baking.

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

3.2.1 To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$10,000 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). City Baking will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments by no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than \$200,000 (representing 33.33% of the Gross Settlement Amount), and a Class Counsel Litigation Expenses Payment of not more than \$25,000. City Baking will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class

Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds City Baking harmless, and indemnifies City Baking, from any dispute or controversy regarding any division or sharing of any of these Payments.

- 3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed \$7,500 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less, or the Court approves payment of less than \$7,500, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4 To Each Participating Class Member: An Individual Class Payment is calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.
 - 3.2.4.1 Tax Allocation of Individual Class Payments. 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. 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for all 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.
- 3.2.5 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. 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 according to their respective workweeks.
- 3.2.6 To the LWDA and Covered Employees: PAGA Penalties in the amount of \$10,000 will be paid from the Gross Settlement Amount, with 75% allocated

to the LWDA PAGA Payment and 25% allocated to the Individual PAGA Payments.

3.2.6.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the PAGA Member's 25% share of PAGA Penalties (\$2,5000) by the total number of PAGA Period Pay Periods worked by all PAGA Members during the PAGA Period and (b) multiplying the result by each PAGA Member's PAGA Period Pay Periods. PAGA Members assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.6.2 If the Court approves PAGA Penalties 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.

4. **SETTLEMENT FUNDING AND PAYMENTS.**

- 4.1 Class Workweeks and PAGA Member Pay Periods. Based on a review of its records to date, City Baking estimates that the Settlement Class consists of approximately 280 class members who worked a total of approximately 19,000 workweeks during the Class Period.
- 4.2 Class Data. No later than seven days after the Court grants Preliminary Approval of the Settlement, City Baking will deliver the Class Data to the Administrator in a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. City Baking has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which City Baking must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.
- 4.3 Funding of Gross Settlement Amount. The Settlement Administrator will provide City Baking with wire transfer information within three (3) days after the Effective Date. City Baking shall fund the Gross Settlement Amount as follows:
- 4.3.1 Two-thirds (2/3) of the total payment shall be made no later than May 4, 2026; and
- 4.3.2 The remaining one-third (1/3) shall be paid no later than six (6) months thereafter, by November 4, 2026.

- 4.4 Payments from the Gross Settlement Amount. Within ten days after City Baking funds two-thirds of the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

The administrator will pay the Class Counsel Fees Payment upon the second and final payment of the Gross Settlement Agreement.

- 4.4.1 The Administrator will issue checks for Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First-Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all PAGA Members, including Non-Participating Class Members who qualify as PAGA Members (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.
- 4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without a USPS forwarding address. Within seven 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 Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.
- 4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall donate the funds represented by such checks to Legal Aid at Work, subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).
- 4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate City Baking to confer any additional benefits or make any

additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

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

- 5.1 Release by Plaintiff. In consideration of Plaintiff's awarded Class Representative Service Payment, Plaintiff's Individual Class Payment, and the other terms and conditions of the Settlement, as of the date the Settlement becomes Final and is fully funded, Plaintiff, on behalf of himself and her respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, releases any and all known and unknown claims that arose on or before the date she signs this agreement against City Baking and the Released Parties. Expressly excluded from Plaintiff's release are any claims for workers' compensation benefits, unemployment insurance benefits, and any other claims that cannot be released by law.
- 5.2 Release by Participating Class Members. In consideration for their awarded Individual Settlement Shares, as of the date the Settlement becomes Final and has been fully funded, all Participating Class Members release all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint that arose during the Class Period.
- 5.3 Release by PAGA Members. In consideration for their awarded Settlement Shares, as of the date the Settlement becomes Final, all PAGA Members will release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns any and all claims for civil penalties under PAGA against City Baking and the Released Parties that arise out of or reasonably relate to the claims alleged in the Action or that could have been alleged based on the factual allegations in the Action (the "Released PAGA Claims"). All PAGA Members who worked for City Baking during the PAGA Period will release the PAGA claims described herein and will receive a portion of the amount set aside as PAGA penalties, regardless of whether they opt out of the release of the Class Claims.
- 5.3 With respect to the Plaintiff's Released Claims only, the Parties stipulate and agree that the Plaintiff shall have, by operation of the judgment and approval order entered by the Court, waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of section 1542 of the California Civil Code, which provides:

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.

The Plaintiff shall be deemed to have acknowledged that this Settlement Agreement is intended to waive and release all released claims that she does not know or suspect to exist in her favor at the time of the approval of this Settlement Agreement.

6. **MOTION FOR PRELIMINARY APPROVAL.** Within a reasonable time, Plaintiff will move for an order giving preliminary approval of the Settlement (“Motion for Preliminary Approval”) that complies with the Court’s current checklist for Preliminary Approvals.

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

6.2 **Responsibilities of Counsel.** Class Counsel is responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 45 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court’s Preliminary Approval order to the Administrator.

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

in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. **SETTLEMENT ADMINISTRATION.**

- 7.1 **Selection of Administrator.** The Parties have jointly selected Phoenix Class Action Administration Solutions to serve as the Administrator and verified that, as a condition of appointment, PHOENIX 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.
- 7.2 **Employer Identification Number.** The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 7.3 **Qualified Settlement Fund.** The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund under U.S. Treasury Regulation section 468B-1.
- 7.4 **Notice to Class Members.**
 - 7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.
 - 7.4.2 Using best efforts to perform as soon as possible, and in no event later than 15 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.
 - 7.4.3 Not later than 5 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 Class Member 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.

- 7.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 45 days 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 by re-mailing the Class Notice.
- 7.4.5 If the Administrator, City Baking or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs)

- 7.5.1 Class Members who wish to exclude themselves from (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 60 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 his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.
- 7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.
- 7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Release under

Paragraph 5.2 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

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

7.5.5 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review Requests for Exclusion on a rolling basis to ascertain their validity. Not later than 10 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class 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).

7.6 Challenges to Calculation of Workweeks. Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator’s determination of each Class Member’s allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator’s determination of the challenges.

7.7 Objections to Settlement.

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

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, 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 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

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

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

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

7.8.2 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, 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 Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.8.3 Workweek and/or Pay Period 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 Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.4 Administrator's Declaration. Not later than 14 days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class 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 Class Members, 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. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.8.5 Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class 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, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. **ESCALATOR CLAUSE**. Defendant has represented that the actual number of weeks worked by the Settlement Class after mediation and the parties' subsequent final settlement discussion is approximately 19,000. If the number of workweeks is ten percent (10%) higher (i.e., at least 20,900 workweeks), then Defendant will shall, on a pro-rata basis, increase the Gross Settlement Amount equal to the percentage increase in workweeks above 20,900 (i.e., if the total workweeks increases by 12%, then a 2% increase to the Gross Settlement Amount).
9. **CITY BAKING'S RIGHT TO WITHDRAW**. If ten percent (10%) or more of the Class Members, or a number of Class Members whose Individual Settlement Shares represent 7.5% or more of the total of all Individual Settlement Shares, validly elect not to participate in the Settlement, City Baking will have the right to rescind the Settlement, and the Settlement and all actions taken in its furtherance will be null and void. City Baking must exercise this right within 15 days after the Settlement Administrator notifies the parties of the number of opt-outs, which the Settlement Administrator will do within 10 days after the deadline for submission of opt-outs. If City Baking exercises the right to rescind, it will be responsible for the costs of administration of the Settlement incurred through that time.
10. **MOTION FOR FINAL APPROVAL**. Not later than 16 court days before the scheduled Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than 10 days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.
 - 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 no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted 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 (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to attempt to address the Court's concerns. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
- 10.3 Continuing Jurisdiction of the Court. The Parties agree that, 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. The parties and all Participating Class Members who did not object to the Settlement as provided in this Agreement waive all appeals from the final approval of the Settlement unless the Court materially modifies the Settlement, except that Plaintiff and Class Counsel may appeal from an order by the Court that reduces the amounts sought for the Class Representative Payment or the Class Counsel Fees or Expenses Payment. Such an order or affirmance of such an order will not entitle Plaintiff or the Class to avoid the Settlement. City Baking's payment obligation under the Settlement will be suspended pending an appeal of the Judgment.
- 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 Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to attempt to address the appellate court's concerns, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged
11. **AMENDED JUDGMENT.** If an 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 City Baking that any of the allegations in the Operative Complaint have merit or that City Baking has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that City Baking's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, City Baking reserves the right to contest certification of any class for any reasons, and City Baking reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest City Baking's defenses. 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 Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 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. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and City Baking, 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 with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement as agreed by the Parties, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 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 Plaintiff, Class Counsel, City Baking 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 their representatives, and approved by the Court.
- 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 internal 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 Confidentiality. Plaintiff and her attorneys agree not to issue any press or other media releases or talk to the press or media regarding the Settlement, and Plaintiff's attorneys agree not to publicize the Settlement on their website or social media. In addition, prior to filing of the Motion for Preliminary Approval, Plaintiff and her attorneys will not have any communication with anyone other than family members, clients, Class Members, financial advisors, retained experts, and vendors related to settlement administration, regarding the Settlement. If, before the filing of the Motion for Preliminary Approval, Plaintiff or her attorneys disclose to any unauthorized party (a) that a settlement has been reached or (b) any of the terms of the Settlement except as required by law or to effect the Settlement, City Baking may rescind the Settlement, rendering it null and void.
- 12.13 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by City Baking in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Class Data received from City Baking unless, prior to the Court's discharge of the Administrator's obligation, City Baking makes a written request to Class Counsel for the return, rather than the destruction of, Class Data.

- 12.14 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 12.15 Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter:
- 12.16 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff and the Settlement Class:

Joshua S. Falakassa
josh@falakassalaw.com
FALAKASSA LAW, P.C.
1901 Avenue of the Stars, Suite 920
Los Angeles, California 90067

Mehrdad Bokhour
mehrdad@bokhourlaw.com
BOKHOUR LAW GROUP, P.C.
1901 Avenue of the Stars, Suite 920
Los Angeles, California 90067

To City Baking:

Jeanine DeBacker
jdebacker@mstpartners.com
McPHARLIN, SPRINKLES & THOMAS LLP
720 University Avenue, Suite 250B
Los Gatos, CA 95032

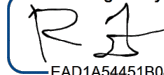
- 12.17 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 12.18 Stay of Litigation. The Parties agree that upon the execution of this Agreement and the remand of the Action to state court, the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree upon signing this

Agreement, pursuant to California Civil Procedure Code section 583.330, to extend the date to bring a case to trial under California Civil Procedure Code section 583.310 for the entire period of this settlement process.

5/20/2025

Dated: May __, 2025

DocuSigned by:



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Plaintiff Rudolph Ferguson

Dated: May __, 2025

Defendant City Baking Company

Approved As to Content:

5/20/2025

Dated: May __, 2025

BOKHOUR LAW GROUP, P.C.

Signed by:



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Mehrdad Bokhour

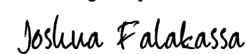
Attorneys for Plaintiff

5/20/2025

Dated: May __, 2025

FALAKASSA LAW, P.C.

DocuSigned by:



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Joshua Falakassa

Attorneys for Plaintiff

Dated: v

MCPHARLIN SPRINKLES & THOMAS LLP

Jeanine DeBacker

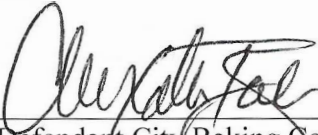
Attorneys for City Baking Company

Agreement, pursuant to California Civil Procedure Code section 583.330, to extend the date to bring a case to trial under California Civil Procedure Code section 583.310 for the entire period of this settlement process.

Dated: May __, 2025

Plaintiff Rudolph Ferguson

Dated: May 31, 2025


Defendant City Baking Company

Approved As to Content:

Dated: May __, 2025

BOKHOUR LAW GROUP, P.C.

Mehrdad Bokhour
Attorneys for Plaintiff

Dated: May __, 2025

FALAKASSA LAW, P.C.

Joshua Falakassa
Attorneys for Plaintiff

Dated: June 4, 2025

MCPHARLIN SPRINKLES & THOMAS LLP


Jeanine DeBacker
Attorneys for City Baking Company

EXHIBIT “B”

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO**

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

*(Rudolph Ferguson v. City Baking Company
Case No. CGC-24-615568)*

A class action is a type of lawsuit where one or more people (called "Class Representatives") sue on behalf of a larger group of people who have similar claims. The group is called the "Class."

*The Superior Court for the State of California authorized this Notice. Read it carefully!
It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.*

You may be eligible to receive money from an employee class action lawsuit ("Action") against City Baking Company ("City Baking") for alleged wage and hour violations. The Action was filed by a former City Baking employee, Rudolph Ferguson ("Plaintiff") and seeks payment of (1) back and premium wages, statutory penalties, and interest for a class of non-exempt hourly employees who work or worked for City Baking in California during the Class Period (June 18, 2020 through June 4, 2025) ("Class Members"); and (2) penalties under the California Private Attorney General Act ("PAGA") for all non-exempt hourly employees who work or worked for City Baking in California during the PAGA Period (June 18, 2023 through June 4, 2025) ("PAGA Members").

The proposed Settlement has two main parts: (1) a Class Settlement requiring City Baking to fund Individual Class Payments, and (2) a PAGA Settlement requiring City Baking to fund Individual PAGA Payments and to make a payment to the California Labor and Workforce Development Agency ("LWDA").

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

The above estimates are based on City Baking's records showing that **you worked _____ workweeks** during the Class Period and **you worked _____ workweeks** during the PAGA Period. If you believe that you worked more workweeks during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or do not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to

finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires City Baking to make payments under the Settlement and requires Class Members and PAGA Members to give up their rights to assert certain claims against City Baking.

If you worked for City Baking during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against City Baking.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against City Baking. You cannot opt-out of the PAGA portion of the proposed Settlement, and thus, if you are a PAGA member, remain eligible for an Individual PAGA Payment regardless of whether you opt out of the Class Settlement.

City Baking will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against City Baking that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is _____	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. City Baking must pay Individual PAGA Payments to all PAGA Members and the PAGA Members must give up their rights to pursue Released Claims (defined below).

Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by _____	All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed Settlement. The Court’s decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the _____ Final Approval Hearing	The Court’s Final Approval Hearing is scheduled to take place on _____. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Period Pay Periods you worked according to City Baking’s records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former City Baking employee. The Action accuses City Baking of violating California labor laws, asserting claims based on City Baking’s alleged: (1) failure to pay minimum and overtime wages; (2) failure to provide meal and/or rest periods; (3) failure to pay all sick time; (4) failure to provide accurate itemized wage statements; and (5) failure to pay all wages due upon separation of employment; and (6) failure to reimburse necessary business expenses. Plaintiff also asserted a violation of California’s Unfair Competition Law (“UCL”). Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) (“PAGA”). Plaintiff is represented by attorneys in the Action: Mehrdad Bokhour of Bokhour Law Group, P.C., and Joshua S. Falakassa of Falakassa Law, P.C. (“Class Counsel.”)

City Baking strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether City Baking or Plaintiff is correct on the merits. In the meantime, Plaintiff and City Baking hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an agreement to settle the case rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and City Baking have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, City Baking does not admit any violations or concede the merit of any claims.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) City Baking has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and PAGA Members. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. City Baking Will Pay \$600,000 as the Gross Settlement Amount (Gross Settlement). City Baking has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the California Labor and Workforce Development Agency (“LWDA”). Assuming the Court grants Final Approval, City Baking will fund the Gross Settlement not more than 180 days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - A. Up to \$200,000 (33% of the Gross Settlement) to Class Counsel for attorneys’ fees and up to \$25,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - B. Up to \$10,000 as a Class Representative Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only money Plaintiff will receive other than Plaintiff’s Individual Class Payment and any Individual PAGA Payment.

C. Up to \$ 7,500 to the Administrator for services administering the Settlement.

D. Up to \$10,000 for PAGA Penalties, 75% allocated to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the PAGA Members based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After deducting the amounts approved by the Court as outlined above, the Administrator will distribute the remaining Gross Settlement (the “Net Settlement”) by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.
4. Taxes Owed on Payments to Class Members. Plaintiff and City Baking are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages (“Wage Portion”) and 80% to interest and penalties (“Non-Wage Portion.”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. City Baking will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.
Although Plaintiff and City Baking have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor, at your own expense, if you have any questions about the tax consequences of the proposed Settlement.
5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don’t cash it by the void date, your check will be automatically cancelled, and the monies will be contributed to Legal Aid at Work.
6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than _____, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the _____ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member’s name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against City Baking.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against City Baking based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and City Baking have agreed that, in either case, the Settlement will be void: City Baking will not pay any money and Class Members will not release any claims against City Baking.
8. Administrator. The Court has appointed a neutral company, Phoenix Class Action Administration Solutions (the “Administrator”), to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator’s contact information is contained in Section 9 of this Notice.
9. Participating Class Members’ Release. After the Judgment is final and City Baking has fully funded the Gross 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. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against City Baking or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

In consideration for their awarded Individual Settlement Shares, as of the date the Settlement becomes Final and has been fully funded, all Participating Class Members release all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint that arose during the Class Period.

10. PAGA Members’ PAGA Release. After the Court’s judgment is final, and City Baking has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all PAGA Members will be barred from asserting PAGA claims against City Baking, whether or not they exclude themselves from the Settlement. This means that all PAGA Members, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against City Baking or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The PAGA Members’ Releases for Participating and Non-Participating Class Members are as follows:

All Participating and Non-Participating Class Members who are PAGA Members are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, any and all claims for civil penalties under PAGA against City Baking and the Released Parties that arise out of or reasonably relate to the claims alleged in the Action or that could have been alleged based on the factual allegations in the Action.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$2,5000.00 by the total number of PAGA Pay Periods worked by all PAGA Members and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual PAGA Member.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in City Baking's records, are stated in the first page of this Notice. You have until _____ to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept City Baking's calculation of Workweeks and/or Pay Periods based on City Baking's records 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. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and City Baking's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as PAGA Members. The single check will combine the Individual Class Payment and the Individual PAGA Payment.
2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every PAGA Member who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

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

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request to be excluded. Be sure to personally sign your request, identify the Action as *Rudolph Ferguson v. City Baking Company*, Case No. CGC-24-615568, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and City Baking are asking the Court to approve. At least 16 days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website

_____ (url) _____ or the Court's website _____ (url) _____.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is _____.** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action *Rudolph Ferguson v. City Baking Company*, Case No. CGC-24-615568, and include your name, current address, telephone number, and approximate dates of employment for City Baking and sign the objection. Section 9 of this Notice has the Administrator's contact information.

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. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing at (time) in Department 6 of the San Francisco County Superior Court, located at 400 McCalister Street., San Francisco, CA 94102. 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 Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel, and Defense Counsel before making a decision. You can attend (or hire a lawyer, at your own expense, to attend) either personally or virtually via Zoom. Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything City Baking and Plaintiff 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 _____ (specify entity) _____'s website at _____ (url) _____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<https://sf.courts.ca.gov/online-services/case-information>) and entering the Case Number for the Action, Case No. CGC-24-615568.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

Joshua S. Falakassa josh@falakassalaw.com FALAKASSA LAW, P.C. 1901 Avenue of the Stars, Suite 920 Los Angeles, California 90067	Mehrdad Bokhour mehrdad@bokhourlaw.com BOKHOUR LAW GROUP, P.C. 1901 Avenue of the Stars, Suite 920 Los Angeles, California 90067
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Settlement Administrator:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT “C”

EXHIBIT “D”



MEHRDAD BOKHOUR
Attorney at Law

1901 Avenue of the Stars | Suite 450
Los Angeles | California 90067

tel 310 975 1493
fax 310 675 0861

June 18, 2024

SUBMITTED VIA LWDA'S PAGA CLAIM NOTICE ONLINE PORTAL

COPY SENT VIA CERTIFIED MAIL TO:

CITY BAKING COMPANY
1373 LOWRIE AVE.
SOUTH SAN FRANCISCO, CA 94080

C/O ALEXANDER BULAZO
1373 LOWRIE AVE.
SOUTH SAN FRANCISCO, CA 94080

Re: *Rudolph Ferguson v. City Baking Company*
Notice of Intent to File Suit for California Labor Code § 2698 et seq. Penalties

To Whom It May Concern:

This office and Falakassa Law, P.C. represent Rudolph Ferguson (hereinafter "Mr. Ferguson") and a proposed group of current and former non-exempt employees working for City Baking Company (hereinafter "City Baking") and any of its affiliated, predecessor, and merged entities in the State of California for violations of the California Labor Code §§ 201-203, 204, 210, 221, 226(a), 226(e), 226.3, 226.7, 227.3, 246, 510, 512, 516, 1174, 1174.4, 1194, 1194.2, 1197.1, 1199, 2802-2804, and all applicable Industrial Welfare Commission Wage Orders ("Wage Order").

This letter shall serve as notification under Labor Code § 2699.3 (hereinafter "PAGA Notice"). The \$75 filing fee payable to the California Labor and Workforce Development Agency for the Private Attorneys General Act Notice ("PAGA Notice") was paid online. A copy of this PAGA Notice was submitted electronically to the Department of Industrial Relations.

Mr. Ferguson wishes to bring a representative action on behalf of himself and the State of California as well as on behalf of the following group of "aggrieved employees":

All current and former non-exempt hourly employees who work or worked for City Baking Company in California during the one year immediately preceding the filing of this PAGA Notice and continuing into the present and ongoing ("aggrieved employees")

City Baking produces and distributes baked goods such as rolls, muffins, cookies, bars, scones, croissants, and pastries across the Northern California region. Mr. Ferguson was employed by City Baking as a non-exempt employee with the title of “Driver” out of its San Francisco, California, location, beginning on September 9, 2021, until his separation from employment on October 10, 2023. Mr. Ferguson and other aggrieved employees (including, but not limited to, Baker, Sanitation Worker, Delivery Driver, Millwright, and all other non-exempt positions) were responsible for all City Baking’s business in the State of California. However, in those roles, Mr. Ferguson and other aggrieved employees were deprived of the protections of the California Labor Code.

At all relevant times, Mr. Ferguson and other aggrieved employees regularly worked various shifts, many of which were in excess of 8 hours in a workday and 40 hours in a workweek. Mr. Ferguson alleges that other aggrieved employees were also subjected to the same policies, procedures, practices, working conditions, and corresponding wage and hour violations to which he was subjected during his employment.

First, at all relevant times, City Baking has had a uniform practice of consistently failing to accurately record and pay for all time worked, including time under which aggrieved employees were subject to the employer’s control. This included a policy and practice of failing to record and capture aggrieved employees’ time correctly, including all time spent working off-the-clock. Additionally, City Baking had a practice of auto-deducting 30 minutes for meal periods from aggrieved employees’ time entries, regardless of whether a *net* 30-minute meal period was provided. As a result of this company-wide policy/practice, Mr. Ferguson and other aggrieved employees are not compensated for all the hours that they work and all of the overtime hours they work, in violation of Labor Code §§ 204, 210, 510, 1194, 1197.1, 1199, and applicable Wage Orders.

As a result, Mr. Ferguson and other aggrieved employees were not adequately paid for all hours worked in violation of Cal. Labor Code §§ 204, 210, 1194, 1197.1, 1199, and applicable Wage Orders. Additionally, due to the unlawful timekeeping policy/practices, Mr. Ferguson and other aggrieved employees were also not correctly paid at the correct overtime rate for hours worked in excess of eight hours per shift in violation of Labor Code § 510.

Labor Code § 1197.1 authorizes employees who are paid less than the minimum fixed by an applicable state or local law or by order of the commission a civil penalty, restitution of wages, and liquidated damages as follows: (1) for any initial violation that is intentionally committed, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee is underpaid...[and] (2) [f]or each subsequent violation for the same specific offense, two hundred fifty dollars (\$250) for each underpaid employee for each pay period for which the employee is underpaid regardless of whether the initial violation was intentionally committed.

Labor Code § 510 requires an employer to compensate an employee who works more than eight (8) hours in one workday, forty (40) hours in a workweek, and for the first eight (8) hours

worked on the seventh consecutive day, no less than one and one-half times (1 1/2) the regular rate of pay. In addition, Labor Code § 510 obligates employers to compensate employees at no less than twice the regular rate of pay when an employee works more than twelve (12) hours in a workday or more than eight (8) hours on the seventh consecutive day of work. Pursuant to Section 3 of the applicable Wage Orders, non-exempt employees shall not be employed more than eight (8) hours in any workday or more than 40 hours in any workweek unless the employee receives one and one-half (1 1/2) times such employee's regular rate of pay for all hours worked over 40 hours in the workweek.

Accordingly, through PAGA and to the extent permitted by law, Mr. Ferguson and other aggrieved employees are entitled to recover penalties for violations of Labor Code §§ 204, 210, 510, 1194, 1197.1, 1199 1197.1 under Labor Code § 1197.1, 1199, or Labor Code § 2699(f)(2), and attorneys' fees and costs pursuant to Labor Code § 2699(g)(1).

Furthermore, at all relevant times, Mr. Ferguson and other aggrieved employees worked regular shifts that lasted longer than 8.0 hours in a workday. This resulted in aggrieved employees regularly working more than 40 hours in a workweek. However, Mr. Ferguson and other aggrieved employees were not properly paid at the correct overtime rate for all overtime hours worked due to City Baking's uniform failure to include all forms of compensation/remuneration, including, but not limited to, commissions, incentives, non-discretionary bonuses, shift pay, and all other forms of remuneration in calculating the "regular rate of pay" for purposes of overtime compensation.

Under the California Labor Code (as well as the FLSA), courts have consistently held that regularly paid non-discretionary bonuses (and other forms of pay) must be included in determining an employee's "regular rate of pay" for purposes of calculating overtime. (See *Haber v. The Americana Corp.* 378 F. 2d 854, 855-856 (9th Cir. 1967) [holding that regularly paid efficiency bonuses must be included in calculating the "regular rate"]; *Wang v. Chinese Daily News, Inc.* 435 F. Supp. 2d 1042, 1055-1057 (C.D. Cal. 2006) [granting summary judgment to Plaintiff under California and federal law on the grounds that Defendant improperly calculated overtime by excluding annual bonuses paid to employees from the "regular rate of compensation"]; see *Walling v. Youngerman-Reynolds Hardwood Co.* (1945) 65 S.Ct. 1242, 1245. ("The regular rate by its very nature must reflect all payments which the parties have agreed shall be received regularly during the workweek, exclusive of overtime payments. It is not an arbitrary label chosen by the parties but an actual fact. Once the parties have decided upon the amount of wages and the mode of payment, the determination of the regular rate becomes a matter of mathematical computation, the result of which is unaffected by any designation of a contrary 'regular rate' in the contracts."); see also 29 CFR §§ 778.110 ("production bonus") and 778.111 ("piece-rate").

Labor Code § 510 requires an employer to compensate an employee who works more than eight (8.0) hours in one workday, forty (40.0) hours in a workweek, and for the first eight (8.0) hours worked on the seventh consecutive day, no less than one and one-half times (1 1/2) the regular rate of pay. In addition, Labor Code § 510 obligates employers to compensate employees

at no less than twice the regular rate of pay when an employee works more than twelve (12.0) hours in a workday or more than eight (8.0) hours on the seventh consecutive day of work. Pursuant to Section 3 of the applicable Wage Orders, non-exempt employees shall not be employed more than eight (8.0) hours in any workday or more than 40.0 hours in any workweek unless the employee receives one and one-half (1 1/2) times such employee's regular rate of pay for all hours worked over 40 hours in the workweek.

By their policy of requiring aggrieved employees to work in excess of eight (8) hours in a workday and/or forty (40.0) hours in a workweek without compensating them at the rate of one-half (1 1/2) their "regular rate of pay," City Baking willfully violated the provisions of Labor Code § 510 and the applicable Wage Orders.

Accordingly, through PAGA and to the extent permitted by law, Mr. Ferguson and other aggrieved employees are entitled to recover penalties for violations of Labor Code §§ 204, 210, 510, 1194, 1197.1, 1199 1197.1 under Labor Code § 1197.1, 1199, or Labor Code § 2699(f)(2) and attorneys' fees and costs pursuant to Labor Code § 2699(g)(1).

Similarly, at all relevant times, City Baking also failed in its obligation to provide Mr. Ferguson and other aggrieved employees the legally required paid sick days at the legal rate pursuant to Labor Code §§ 246(a),(b), which requires that "[a]n employee who, on or after July 1, 2015, works in California for the same employer for 30 or more days within a year from the commencement of employment is entitled to paid sick days. . . at the rate of not less than one hour per every 30 hours worked, beginning at the commencement of employment." Labor Code § 246(l)(1) provides that paid sick time for non-exempt employees must be "calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek."

Additionally, Labor Code § 246(l)(2) states that the paid sick time must be "calculated by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment." Finally, Labor Code § 246(i) requires employers to "provide an employee with written notice that sets forth the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, for use on either the employee's itemized wage statement described in Section 226 or in a separate writing provided on the designated pay date with the employee's payment of wages."

Here, at all relevant times, City Baking failed in its obligation to provide Mr. Ferguson and other aggrieved employees the legally required paid sick days at the appropriate "regular rate of pay," including all forms of compensation, pursuant to Labor Code §§ 246(a), (b). As such, City Baking paid sick time below his base rate of pay rather than the "regular rate of pay" as required by Labor Code §§ 246(l) (1-2).

Based on the foregoing Labor Code violations, Mr. Ferguson seeks all civil and statutory penalties available and applicable under Labor Code § 2699(f)(2) and attorneys' fees and costs pursuant to Labor Code § 2699(g)(1)

Moreover, at all relevant times, Mr. Ferguson and other aggrieved employees were denied compliant and timely 30-minute off-duty meal periods as mandated by California law. Due to City Baking's uniform meal period policies/practices, operational requirements and work demands, Mr. Ferguson and other aggrieved employees often could not take timely and uninterrupted net 30-minute first meal periods before the end of the fifth hour of work. Further, when Mr. Ferguson and other aggrieved employees worked more than 10.0 hours in a shift, they were not allowed and permitted to take a mandated second meal period before the end of the tenth hour of work in violation of the Labor Code and applicable Wage Orders.

Making matters worse, at all relevant times, City Baking automatically deducted 30 minutes from Mr. Ferguson and other aggrieved employees' time entries for meal periods, whether or not the meal periods were taken were 30 minutes long. City Baking policy/practice automatically deducted 30 minutes for meal periods, regardless of whether a 30-minute meal period was taken. Indeed, Mr. Ferguson's and other aggrieved employees' meal periods were often interrupted and lasted fewer than 30 minutes due to City Baking's meal period policies/procedures, operational requirements, and work demands.

In addition, for each missed or non-compliant meal period, City Baking failed and continues to fail to maintain a mechanism by which aggrieved employees were paid meal period premiums at the "regular rate of pay" pursuant to *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 5th 858 and Labor Code § 226.7.

Accordingly, due to City Baking's uniform meal period practices, Mr. Ferguson and other aggrieved employees were also regularly denied legally compliant meal periods in violation of Labor Code 226.7, 510, 516, and applicable IWC Wage Orders and are entitled to penalties under Labor Code § 2699(f)(2).

Next, at all relevant times, Mr. Ferguson and other aggrieved employees were not provided with all 10-minute rest periods for every four hours worked, or a major fraction thereof, due to City Baking's uniform rest period policies/practices, operational requirements and work demands. As a result, Mr. Ferguson and other aggrieved employees were and are often unable to take a net 10-minute duty-free rest period for every major fraction of four hours worked. This includes a second rest period for shifts in excess of six hours and a third rest period for shifts in excess of 10.0 hours in a workday.

By not relieving all non-exempt employees of all duties during rest periods, City Baking failed to provide legally compliant rest periods. See *Augustus v. ABM Security Services, Inc.* (2016) 2 Cal. 5th 257, 269 [concluding that "during rest periods employers must relieve employees of all duties and relinquish control over how employees spend their time."]. In *Augustus*, the

California Supreme Court expressly rejected the employer's assertion that it could provide an on-duty rest period to employees who worked as security guards and further explained: "that employers [must] relinquish any control over how employees spend their break time and relieve their employees of all duties." *Id.* at 273. Each time Mr. Ferguson and other aggrieved employees could not take a compliant rest period, City Baking failed and continues to fail to adequately pay rest period premium payments at the "regular rate of pay" as required by Labor Code § 226.7.

Accordingly, due to City Baking's uniform rest period policies/practices and work demands, Mr. Ferguson and other aggrieved employees were also regularly denied legally compliant rest breaks in violation of Labor Code §§ 226.7, 512, and applicable Wage Orders and would be entitled to penalties under Labor Code § 2699(f)(2).

As a result of City Baking's failure to pay Mr. Ferguson and other aggrieved employees for all hours they were subject to the control of City Baking Company, including all minimum, overtime, and sick pay wages, and City Baking's failure to pay for meal and rest period premiums at the "regular rate of pay," City Baking issued wage statements which failed to identify the gross wages earned accurately, the total hours worked, the net wages earned, and the correct corresponding number of hours worked at each hourly rate, in violation of Labor Code § 226(a)(1, 2, 5, and 9).

Labor Code § 226.3 provides that "[a]ny employer who violates subdivision (a) of Section 226 shall be subject to a civil penalty in the amount of two hundred fifty dollars (\$250) per employee per violation in an initial violation and one thousand dollars (\$1,000) per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage deduction statement or fails to keep the required in subdivision (a) of Section 226."

Thus, for the violations of Labor Code section 226 described above, Mr. Ferguson and other aggrieved employees may also recover Labor Code § 226.3 penalties for City Baking's violations of Labor Code § 226(a). Consequently, because City Baking failed to comply with Labor Code § 226(a), Mr. Ferguson and other aggrieved employees would be entitled to recover penalties under Labor Code §§ 226(e) or Labor Code § 2699(f)(2).

Moreover, because City Baking failed to pay all minimum, overtime, sick pay, wages, and meal and rest period premiums at the "regular rate of pay," City Baking also failed and continues to fail to pay the aggrieved employees all wages owed at their time of separation from employment in violation of Labor Code §§ 201-203. Thus, aggrieved employees would be entitled to recover penalties under Labor Code §§ 201-203 or Labor Code § 2699(f)(2).

Finally, at all relevant times, City Baking required Mr. Ferguson and other aggrieved employees to incur necessary business expenses for work-related purposes but did not reimburse aggrieved employees adequately for these necessary expenditures in violation of Labor Code §§ 2802-2804. Here, City Baking uniformly failed to reimburse aggrieved employees for all necessary costs incurred in discharging their duties, including, but not limited to, a reasonable amount for

necessary cell phone use and mileage reimbursement. *See Cochran v. Schwan's Home Service, Inc.*, (2014) 228 Cal.App.4th 1137, 1144 [“[i]f an employee is required to make work-related calls on a personal cell phone, then he or she is incurring an expense for the purposes of section 2802. It does not matter whether the phone bill is paid for by a third person, or at all...To show liability under section 2802, an employee need only show that he or she was required to use a personal cell phone to make work-related calls, and he or she was not reimbursed”].

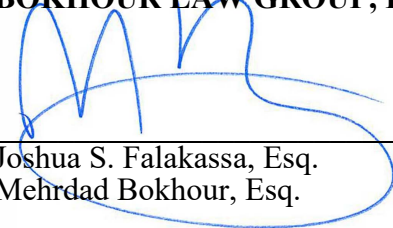
Accordingly, due to City Baking's uniform failure to adequately reimburse for necessary business expenditures in violation of Labor Code §§ 2800-2802 and applicable Wage Orders, Mr. Ferguson and other aggrieved employees would be entitled to civil penalties under Labor Code § 2699(f)(2).

Pursuant to Labor Code § 2699.3(a)(2)(A), please advise within sixty-five (65) calendar days of the date of this notice whether your office intends to investigate the violations alleged herein above. We understand that if we do not receive a response from your office within sixty-five (65) calendar days of this PAGA Notice, Mr. Ferguson may thereafter pursue his interests and the interests of similarly aggrieved employees with a civil complaint against City Baking for its violations of the California Labor Code and applicable Wage Orders.

While we intend to pursue a PAGA representative and/or Class Action lawsuit against City Baking for unpaid wages and civil penalties under Labor Code § 2699, it is our firm's policy to attempt to negotiate an early resolution of all matters where possible and beneficial to all aggrieved employees. If City Baking is interested in resolving this matter, please contact me or have your lawyer contact our office to discuss an informal discovery plan and the possibility of early mediation on or before **August 17, 2024**.

Respectfully submitted,

FALAKASSA LAW, P.C.
BOKHOUR LAW GROUP, P.C.



Joshua S. Falakassa, Esq.
Mehrdad Bokhour, Esq.