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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN JOAQUIN

ANNAALICIA LEBLANC, as an individual and on behalf of all others similarly situated, Plaintiff, vs. O'CONNOR WOODS HOUSING CORPORATION, a California corporation; and DOES 1 through 50, inclusive, Defendants.	Case No.: STK-CV-UOE-2024-0009405 [Assigned to the Hon. Robert T. Waters, Dept. 11B] **DECLARATION OF MAX W. GAVRON IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT** Date: 11/26/25, 12/2/25, 12/3/25, 12/4/25, 12/9/25 Time: 9:00 a.m. Dept.: 11B Action Filed: August 7, 2024 Trial Date: None

DECLARATION OF MAX W. GAVRON

I, Max W. Gavron, declare as follows:

1. I am an attorney at law, duly licensed to practice before all Courts in the State of California, and am with the law firm Diversity Law Group, P.C., counsel of record for Plaintiff Annaalicia LeBlanc ("Plaintiff"). I have personal knowledge of the facts set forth below and if called to testify I could and would do so competently.

2. Plaintiff seeks approval of the proposed class and PAGA action settlement in this matter, the terms of which are reflected in the Parties' Joint Stipulation of Class Action Settlement ("Settlement Agreement," "Settlement," or "Agreement") entered into between Plaintiff and Defendant O'Connor Woods Housing Corporation ("Defendant"). Attached hereto as **Exhibit A** is a true and correct copy of the Settlement Agreement.

3. The terms of the Settlement provide that Defendants shall pay a gross settlement amount of Six Hundred Thousand Dollars ($600,000.00) which will be distributed to the Class on a non-reversionary basis.

PROCEDURAL HISTORY

4. On or about July 30, 2024, Plaintiff submitted written notice to the California Labor & Workforce Development Agency ("LWDA") identifying alleged wage and hour violations committed by Defendant, under the PAGA, Labor Code § 2699.

5. On August 7, 2024, Plaintiff filed a class action complaint against Defendant in the Superior Court of the State of California, County of San Joaquin (the "Action").

6. On October 7, 2024, Plaintiff filed a first amended complaint, adding representative action claims for violation of the PAGA.

THE CLAIMS AND ALLEGATIONS

7. The first amended complaint ("FAC" or "operative Complaint") is the operative complaint. The FAC alleges claims for: (1) violation of Labor Code § 226; (2) violation of Labor Code § 226.7; (3) violation of Business and Professions Code § 17200, *et seq*.; and (4) violation of Labor Code § 2698, *et seq*.

8. Specifically, Plaintiff's class and PAGA claims as pled in the FAC are predicated

upon the following allegations. With respect to the rest break claims, Plaintiff contends that Defendant failed to provide employees with off-duty rest breaks of 10 minutes for each 3.5 hours worked. In this regard, Plaintiff alleges that employees were required to remain on duty and perform work during their breaks. Plaintiff further alleges that Defendant failed to pay premium compensation in lieu of receiving off-duty rest breaks.

9. With respect to the wage statement claims, Plaintiff alleges derivative wage statement violations. More specifically, as a result of the violations above, the wage statements issued by Defendant inaccurately identified the number of hours worked, applicable hourly rates of pay, and gross and net wages earned.

10. Lastly, Plaintiff contends that Defendant failed to pay all wages owed upon separation of employment. As a result of the unpaid rest break premiums, Plaintiff alleges that Defendant failed to pay all wages owed at separation of employment and thus owes waiting time penalties under Labor Code § 203.

11. As a result of the alleged violations above, Plaintiff seeks damages and penalties under the California Labor Code, the California Business & Professions Code, and the PAGA, as well as attorneys' fees and costs.

MEDIATION AND INFORMAL DISCOVERY

12. Following the exchange of initial written discovery, the Parties conferred regarding possible settlement discussions. The Parties agreed to exchange information informally to evaluate their respective claims and defenses. The exchange of informal discovery allowed Plaintiff to assess the claims, as well as calculate the maximum exposure of damages and penalties.

13. In this regard, Defendant provided Plaintiff with data pertaining to the number of putative class members, the number of workweeks and pay periods at issue, applicable rates of pay for class members, as well as policies and information pertaining to Defendant's payroll policies and practices at issue.

14. After exchange of informal discovery, the Parties engaged in a full-day mediation with the Retired Judge Ronald Sabraw. The Parties continued negotiations following mediation

facilitated by Retired Judge Sabraw, and ultimately reached the current settlement, the terms of which are reflected in the Parties' Joint Stipulation of Class Action Settlement.

15. Based on my independent investigations and evaluation, I believe that settlement for the consideration and on the terms set forth in the Settlement Agreement is fair, reasonable, and adequate and is in the best interests of the Class in light of all known facts and circumstances and the expenses and risks inherent in litigation, including but not limited to not prevailing on one or more of the causes of action or theories alleged in the operative Complaint, the possibility of non-certification, and potential for appeals.

EXPOSURE ANALYSIS

16. Prior to the mediation, Plaintiff was provided with data pertaining to putative class members during the relevant class period, as well as information to evaluate Defendant's anticipated affirmative defenses. From this data, Plaintiff was able to investigate the claims asserted and conduct an exposure analysis that informed Plaintiff's position at the mediation.

17. Based on the class data provided by Defendant, Plaintiff analyzed Defendant's potential exposure as follows:

- Failure to provide rest periods: Plaintiff estimated exposure of between approximately $1 million to $2.1 million for unpaid premiums owed, based on between a 25% to 50% violation rate, which Plaintiff premised on investigation regarding the typical policies and practices of Defendant in relieving employees of duties during rest periods.
- Failure to timely pay wages upon separation of employment: With respect to waiting time penalties under Labor Code § 203, Plaintiff estimated the potential penalties owed was approximately $1.3 million, which was calculated based on 249 former employees, based on the average hourly rate of pay of $22.32 (249 employees x 8 hours x 30 days x $22.32 per hour).
- Wage statement penalties: Plaintiff also alleged that Defendant would be subject to penalties for wage statement violations, pursuant to Labor Code

§ 226. Plaintiff estimated the penalties associated with this claim are approximately $2.2 million,[1] which was based on approximately 22,750 alleged pay periods at issue.

18. While the total exposure of Plaintiff's class claims based on the above amount to between approximately $4.5-$5.6 million, this analysis does not take into account Defendant's arguments to liability and to class certification as further explained below.

19. With respect to Plaintiff's claim under the PAGA, Plaintiff estimated that Defendant could face civil penalties of up to $1.2 million, in relation to the approximately 12,000 pay periods at issue during the PAGA period.

20. Plaintiff's analysis is based on the initial violation penalty amount and does not account for the imposition of the subsequent violation penalty amount given authority indicating this increased penalty may only be available where there is a prior citation for a Labor Code violation. *See Bernstein v. Virgin Am., Inc*., 3 F.4th 1127, 1144 (9th Cir. 2021) (holding no heightened penalty because the Labor Commissioner nor any court warned the defendant that it was subject to the Labor Code until the court handling the case at issue).

21. Additionally, this analysis does not account for the possibility that the Court would reduce the PAGA penalties. Pursuant to Labor Code § 2699(e)(2), the Court can decline to award PAGA penalties where "if, based on the facts and circumstances of the particular case, to do otherwise, would result in an award that is unjust, arbitrary and oppressive, or confiscatory."

22. Although Plaintiff believes in the merits of the alleged claims and maintains that there is no reason for reducing PAGA penalties, Plaintiff is aware that Defendant may raise defenses to the claims and further with respect to the reduction of PAGA penalties and that it could be persuasive to the Court. Thus, even if Plaintiff was to successfully prove the claims at

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[1] The amount of statutory penalties calculated here does not take into account the $4,000 cap per employee under Labor Code § 226(e). Applying the $4,000 cap would likely lower the amount of statutory penalties represented here significantly.

trial, there is a possibility that the Court may only award a small percentage of PAGA penalties, as the Court has discretion to do so. The Gross Settlement Amount was premised with this risk in mind, associated with the possibility of the Court significantly reducing Plaintiff's PAGA penalties, along with other attendant risks, even if Plaintiff was to prevail at trial.

23. Further, Defendant raised several defenses that presented risks to succeeding on Plaintiff's theories of liability. For example, Defendant argued that it maintained legally compliant rest period policies, and that any violations were not the result of employer-driven policies, but, rather, employee choice. Defendant also argued that it did not have an obligation to police rest periods, pursuant to *Brinker*, and that any employee choice to forego a rest period would result in an uncertifiable claim.

24. Defendant also argued that Plaintiff cannot establish that Defendant "willfully" failed to pay wages at separation of employment, and thus Plaintiff cannot recover waiting time penalties under Section 203. *Hill v. Walmart, Inc.*, 32 F.4th 811 (9th Cir. 2022) (upholding good faith defense because defendant reasonably believed wages were not due and owing at time of separation of employment); *Chavez v. Converse, Inc.,* 2020 WL 1233919, at *l (N.D. Cal. 2020) (holding that an employer's failure to pay is not willful where there is uncertainty in the law or a "good faith mistaken belief that wages are not owed").

25. Regarding Plaintiff's wage statement claim, Plaintiff would face the burden of demonstrating that any alleged omission of information from the wage statements was a "knowing and intentional failure" by Defendant to comply with Labor Code § 226. *See Harris v. Vector Mktg. Corp*., 656 F. Supp. 2d 1128, 1145-46 (N.D. Cal. 2009) (granting summary judgment in favor of employer and finding its conduct was not "knowing and intentional"); Defendant also would have argued that penalties under Section 226 are subject to a similar "good faith" defense. *See, e.g., Apodaca v. Costco Wholesale Corp.*, 2014 WL 2533427, at *3 (C.D. Cal. June 5, 2014) ("Where an employer has a good faith belief that it is not in violation of Section 226, any violation is not knowing and intentional."). The California Supreme Court also approved a good faith defense to the imposition of Section 226 penalties, which further undermines the certainty of recovering these damages even if Plaintiff prevailed on liability.

Naranjo v. Spectrum Sec. Servs., Inc., No. S279397, 2024 WL 1979980, at *1 (Cal. May 6, 2024)

26. Should Defendant succeed on these arguments, Class Members would recover $0 for waiting time penalties under Labor Code § 203 and statutory penalties under Labor Code § 226. If Defendant were successful in mounting these defenses, Plaintiff's total exposure for class claims would be reduced by approximately $3.5 million.

27. Significantly, Defendant also maintained that the case was not suited for class certification. Specifically, Defendant argued that because of legally compliant policies, Plaintiff could not demonstrate a uniform illegal policy or practice. Should Defendant have succeeded in this theory, the liability resulting from Plaintiff's claims would be significantly reduced, as Class Members would also not be able to recover waiting time penalties and derivative 226 penalties.

28. Although Plaintiff believes that she can succeed on class certification, Plaintiff also believes in the fairness of the settlement that is based on factoring in the uncertainty and risks to Plaintiff involved in not prevailing on one or more of the causes of action or theories alleged in the operative Complaint, the possibility of non-certification, and the potential for appeals.

29. Here, the maximum amount of class and PAGA penalties range from approximately $5.7 million to $6.8 million, not taking into account the defenses addressed above. The Gross Settlement Amount is $600,000.00. Thus, the Gross Settlement Amount represents between 9% to 11% of the potential damages and penalties at issue, and significantly higher if the court were to find for defendant on any of its defenses and/or reduce PAGA penalties. The Gross Settlement Amount of $600,000.00 is well within the range of reasonableness, given the risks of succeeding on liability and class certification as discussed above, and the Court should grant approval of this settlement.

30. After taking into account sharply disputed factual and legal issues involved in this litigation, the risks attending further prosecution, and the substantial benefits to be received pursuant to the compromise and settlement of the litigation, Plaintiff and Class Counsel have concluded that settlement on the terms hereinafter set forth is appropriate and in the best interests

of the Parties and that this settlement is fair and reasonable. Each side has apprised the other of their respective factual contentions, legal theories, and defenses, resulting in negotiations taking place between the Parties.

SUMMARY OF SETTLEMENT TERMS

31. The Settlement Agreement provides for a Gross Settlement Amount of Six Hundred Thousand Dollars ($600,000.00). Agreement ¶ 15.

32. The current settlement is being settled on behalf of a class of all current and former non-exempt employees who have been employed at any time during the Class Period in California, and who worked a shift of 3.5 hours or greater (the "Class" or "Class Member(s)). Agreement ¶ 3.

33. Defendant estimates that there are approximately 560 individuals who are Class Members. The Class worked an estimated 22,750 pay periods during the Class Period. Agreement ¶ 47.

34. From the Gross Settlement Amount, the Parties negotiated the amount to be paid to the Class for the Labor Code violations and PAGA penalties, including the attorneys' fees and costs, Plaintiff's Incentive Payment, and Settlement Administration Costs. Attorneys' fees of up to thirty-five percent (35%) of the Gross Settlement Amount, or $210,000.00, will be paid to Class Counsel along with litigation costs of up to $25,000.00. Agreement ¶ 5. Plaintiff's Incentive Payment will be up to $10,000.00. *Id.* ¶ 28. The Settlement Administrator will be paid up to $10,000.00 for the costs of administering this settlement. *Id.* ¶ 34. The PAGA Penalties are allocated as $60,000.00, of which 65% shall be paid to the LWDA and 35% shall be paid to aggrieved employees, or PAGA Members, on a *pro rata* basis, based on the number of pay periods they worked during the PAGA Period. *Id.* ¶¶ 22, 42.b.

35. After the amounts above are deducted, the Net Settlement Amount is approximately $285,000.00.

36. Based on the number of Class Members, on a raw average, each Class Member potentially may recover at least $508.93 ($285,000.00 ÷ 560 Class Members). The amount actually paid to each Class Member will increase or decrease depending on the number of

Eligible Pay Periods he or she worked during the Class Period and the number of putative class members who choose not to participate in the settlement. This amount could fluctuate depending on the number of opt-outs.

37. With respect to individual settlement shares to aggrieved employees under the PAGA, 35% percent of the PAGA Penalties, or $21,000.00, will be distributed to PAGA Members. Agreement ¶ 1. PAGA Members are "all current and former non-exempt employees who have been employed at any time during the PAGA Period in California, and who worked a shift of 3.5 hours or greater." *Id.* ¶ 21. Each PAGA Member's individual share of the PAGA Payment ("Aggrieved Employee Payment") will be calculated based on the total number of pay periods worked by all PAGA Members during the PAGA Period, as compared to the number of pay periods worked by each PAGA Member during the PAGA Period. *Id.* ¶ 42.b.

38. Each PAGA Member's Aggrieved Employee Payment will be in addition to any Individual Settlement Payment from the Net Settlement Amount, and will be paid to the PAGA Member regardless of whether the he or she submits a Request for Exclusion. *Id*.

39. The Settlement Agreement provides that uncashed checks (upon the expiration date) shall be sent to Legal Aid at Work. I have no conflicts with Legal Aid at Work.

40. All Class Members will be sent a Class Notice via U.S. mail by the Settlement Administrator. Attached as **Exhibit A** to the settlement agreement. The Class Notice will describe the terms of the settlement and advise Class Members of their estimated Individual Settlement Payment and, if applicable, Aggrieved Employee Payment, and the formula for calculating those payments, if applicable; and their opportunity to opt out of the settlement, object to the settlement, and/or dispute the information attributed to them.

41. Class Members do not need to submit claim forms to participate in the settlement.

42. The Parties have agreed to an estimated payment not to exceed $10,000.00 to the Settlement Administrator, Phoenix Settlement Administrators, to send notices and to administer this settlement. Agreement ¶¶ 34, 40. The Parties have obtained a settlement administration bid from Phoenix Settlement Administrators which includes printing and mailing notices, and other administrative tasks.

ATTORNEY EXPERIENCE

43. From the inception of the case, Plaintiff's counsel have zealously represented the interests of the putative class. The settlement was obtained for the benefit of the Class, as opposed to the individual Plaintiff.

44. Plaintiff's counsel have been approved as class counsel in a number of wage and hour class actions and have extensive litigation experience.

45. My qualifications are as follows: I received a full-tuition scholarship, and graduated from Southwestern Law School in 2013, *magna cum laude*. I was in the top 5% of my class. During my time at Southwestern, I was a Notes and Comments Editor on the Southwestern Law Review. I also received awards for achieving the highest grade in my class in several courses. In 2012, I was a full-time extern, at the United States District Court for the Central District. Immediately after law school, I taught several courses at Southwestern, including Principles of Legal Analysis and Legal Methods. I taught those courses for approximately four years.

46. I practiced civil litigation at Haight Brown & Bonesteel LLP from approximately September 2013, through January 2016. I was third-chair in a federal court jury trial that resulted in a defense verdict in our client's favor on a $21 million commercial breach of contract dispute. I also regularly litigated cases across the civil litigation spectrum, including employment matters.

47. From February 2016, through Fall 2017, I practiced at the international law firm of Arnold & Porter, which had recently merged with Kaye Scholer, LLP. I defended Fortune 50 companies in Multi-District Litigation primarily in the product liability sphere. I also successfully drafted an appellate brief in the Ninth Circuit resulting in the reversal of a summary judgment decision regarding trade secret issues, in addition to working in several other practice groups.

48. From September 2017, through September 2018, I served as a law clerk to a Judge sitting on the United States District Court, Central District of California. I regularly prepared bench memoranda, on cases involving all types of civil litigation, including regularly working on wage and hour class actions.

49. I am currently an associate at the law firm of Diversity Law Group, P.C., an employment law firm that has handled numerous wage and hour class and individual actions, on both plaintiff and defense sides. My current practice focuses on employment matters involving both class actions, and single plaintiffs. The firm currently has cases in the Los Angeles Superior Courts, the Orange County Superior Courts, the San Diego County Superior Courts, and the United States District Courts for the Central, Northern, and Eastern Districts of California.

50. I am currently handling, or have handled, numerous wage and hour class action lawsuits with the firm, including, but not limited to: *Agar v. Sensient Natural Ingredients, LLC* (Case No. CV-19-001906, Stanislaus County Superior Court); *Heredia v. Eddie Bauer LLC* (Case No. 16CV300475, United States District Court, Northern District of California); *Parsons v. Estenson Logistics, LLC* (Case No. 34-2019-00252929, Sacramento County Superior Court); and *Rodas v. Goodyear Tire* (Case No. 21-cv-07526, United Stated District Court, Central District of California), among many others.

51. On June 14, 2019, I argued two related cases in front of the Ninth Circuit Court of Appeals. One of them was *Rodriguez v Nike Retail Service Inc.*, Case No. 17-16866. On June 28, 2019, the Ninth Circuit issued a published decision, reversing and remanding in favor of our clients. *Rodriguez v. Nike Retail Servs., Inc.*, 928 F.3d 810 (9th Cir. 2019).

52. I have also assisted the firm in numerous wage and hour class action mediations.

53. My co-counsel and I will adequately represent the Class Members in this action. Plaintiff's counsel have and will zealously represent Plaintiff and the Class and pursue this lawsuit to its conclusion.

54. I have no conflicts with the Class and will adequately represent the Class.

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NOTICE TO LWDA

55. On October 30, 2025, my office uploaded the Motion and Settlement Agreement to the LWDA's website. Attached hereto as **Exhibit B** is the confirmation of submission.

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

Executed on this 30th day of October 2025, at Los Angeles, California.

Max W. Gavron

EXHIBIT A

<u>**NOTICE OF CLASS ACTION SETTLEMENT**</u>

Annaalicia LeBlanc v. O'Connor Woods Housing Corporation
San Joaquin County Superior Court, Case No. STK-CV-UOE-2024-0009405

A court authorized this notice. This is not a solicitation by a lawyer. You are not being sued.

If you were employed by O'Connor Woods Housing Corporation ("Defendant") as a non-exempt employee in California and worked a shift of 3.5 hours or greater, at any time from June 12, 2022, through ____________, this class action may affect your rights.

YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT. PLEASE READ THIS NOTICE CAREFULLY. IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.

YOUR ESTIMATED TOTAL SETTLEMENT PAYMENT FROM THIS CLASS ACTION SETTLEMENT IS $_______.

According to Defendant's records, the total number of pay periods that you worked for Defendant in California, between June 12, 2022, through ________, is ___. Based on this number, your Individual Settlement Payment is estimated to be $______.

According to Defendant's records, you [are/are not] eligible for a settlement payment of the California Private Attorneys General Act claims settled in this lawsuit. [The total number of workweeks that you worked for Defendant in California, between July 30, 2023, through ________, is ___. Based on this number, your share of the PAGA Penalties is estimated to be $_____.]

1. Why should you read this Notice?

A proposed settlement ("Settlement") has been reached in the class action lawsuit styled *Annaalicia LeBlanc v. O'Connor Woods Housing Corporation*, Superior Court of the State of California, County of San Joaquin, Case Number STK-CV-UOE-2024-0009405 (the "Action").

You received this Notice of Class Action Settlement ("Notice") because Defendant's records indicate that you are a member of the Settlement Class. Defendant's records show that you worked as a non-exempt employee of Defendant in California and worked a shift of 3.5 hours or greater during the period of June 12, 2022, through ________, and therefore, you are a Class Member in the Action. The purpose of this Notice is to describe the Action and the Settlement, and to inform you of your rights and options in connection with the Settlement.

A hearing will be held to determine whether the Settlement is fair, reasonable, and adequate ("Final Approval Hearing"). The Final Approval Hearing will be held on [Date] at [Time] before the

Honorable Robert T. Waters of the Superior Court of the State of California, County of San Joaquin, located at 180 E. Weber Ave., Stockton, California 95202.

As a Class Member, you have several options available to you, which are explained in the chart below:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
OPTION #1: **DO NOTHING**	**You need not take any action if you wish to receive your settlement payment.** If you choose this option and the settlement is finally approved by the Court, you will automatically be mailed a check for your share of the Settlement at the address on file with the Settlement Administrator. In exchange for the settlement check, you will give up rights to pursue a separate legal action against Defendant for the same legal claims that are part of this lawsuit (see Page 6 for an explanation of the claims you are giving up). If you move, you must notify the Settlement Administrator of your new address.
OPTION #2: **EXCLUDE YOURSELF FROM THE SETTLEMENT** **Deadline: [RESPONSE DEADLINE]**	**If you ask to be excluded from the class action settlement, you will <u>not</u> receive a share of the Settlement.** If you choose to exclude yourself from the Settlement, you will not be paid any money for release of the class claims alleged in the Action, but you will keep any rights you may have to bring your own separate lawsuit against Defendant for the same legal claims in this lawsuit that are released in this Settlement, other than claims for alleged violations of California Private Attorneys General Act. You cannot ask to be excluded **<u>and</u>** receive a payment from the class action settlement. If you are also a PAGA Member, regardless of whether you ask to be excluded from the class action portion of the settlement, you will receive a share of the PAGA settlement and be deemed to have released the PAGA claims referenced in this Class Notice.
OPTION #3: **OBJECT** **Deadline: [RESPONSE DEADLINE]**	If you do not agree with the Settlement, you may object to the Settlement according to the instructions described below on Page 7. The Court may or may not agree with your objection. If the Court does not agree with your objection, you will still be bound by the terms of the Settlement and will receive a

	settlement payment. This option is only available if you do not exclude yourself from the Settlement. Objecting to the settlement will **not** exclude you from the Settlement.

2. Who is affected by the Settlement?

The Court has certified the following class ("Class") for settlement purposes: all current and former non-exempt employees who have been employed at any time during the Class Period in California, and who worked a shift of 3.5 hours or greater. According to Defendant's records, you are a member of the Class (referred to as a "Class Member"). The Class Period is the period starting on June 12, 2022, and ending on ___________.

3. What is this case about?

Plaintiff Annaalicia LeBlanc ("Plaintiff") started this Action by filing a complaint against Defendant on August 7, 2024, in the Superior Court of the State of California, County of San Joaquin. On behalf of herself and all others similarly situated, Plaintiff alleges various claims under the California Labor Code and California Business & Professions Code. Specifically, Plaintiff alleges that Defendant is liable for failing to provide off-duty rest breaks and/or pay premium wages in lieu thereof, failing to provide accurate itemized wage statements, and engaging in unfair business practices. Plaintiff also alleges that Defendant violated the California Private Attorneys General Act of 2004 ("PAGA") based on the same underlying alleged Labor Code violations.

Defendant denies all liability and is confident that it has strong legal and factual defenses to these claims. Defendant also recognizes the risks and costs associated with litigation. Defendant contends that Plaintiff's claims do not have merit and do not meet the requirements for class certification.

The Court has not found in favor of either Plaintiff or Defendant, and has not made any ruling on the merits of Plaintiff's claims or Defendant's defenses. This Settlement is a compromise reached after good faith, arm's-length negotiations between the Parties and is not an admission of liability on the part of Defendant. Both sides agree that, in light of the risks and expenses associated with continued litigation, this Settlement is fair, adequate and reasonable. Plaintiff also believes that this Settlement is in the best interests of all Class Members.

4. What is a class action and who is involved?

In a class action lawsuit, one or more people called a "Class Representative" sues on behalf of other people who have similar claims. The Class Representative is Annaalicia LeBlanc. The Class Representative and all of the people whose claims are being pursued in the case are called the "Class" or "Class Members." One court resolves the issues for everyone in the Class, except for those people who choose to exclude themselves from the Class.

5. Do I have a lawyer in this case?

You do not need to hire your own lawyer because Class Counsel is working on your behalf. The Court has preliminarily approved the law firms of Diversity Law Group and Polaris Law Group to serve as counsel for Plaintiff and the Class ("Class Counsel"). Class Counsel's contact information is as follows:

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6. What are the Settlement terms?

Subject to approval by the Court, the Settlement provides that Defendant will pay a total amount of Six Hundred Thousand Dollars ($600,000.00) (the "Gross Settlement Amount") in order to resolve the claims in the Action. This Gross Settlement Amount includes (1) all payments to Class Members who do not opt out of the Settlement ("Participating Class Members"); (2) up to $210,000.00 in attorneys' fees and up to $25,000.00 in litigation costs and expenses incurred in connection with this lawsuit; (3) a service award of up to $10,000.00 to the Plaintiff for undertaking the efforts and prosecuting this lawsuit on behalf of the Class; (4) a $60,000.00 settlement of claims under the PAGA (or "PAGA Penalties"); (5) up to $________ for settlement administration costs to the Settlement Administrator. The Gross Settlement Amount includes the employer's share of payroll taxes with respect to the portion of the Individual Settlement Payment that is allocated as wage-related damages.

The PAGA Penalties include payment to the California Labor and Workforce Development Agency ("LWDA") of $39,000.00, and a payment of $21,000.00 to be distributed to PAGA Members (as defined below).

After deducting the payments above (to the extent they are approved by the Court), the "Net Settlement Amount" is estimated to be $________, which will be allocated to Class Members who do not opt out of the Settlement. The Net Settlement Amount shall be used to pay the payments described below.

Settlement Payment Shares to Participating Class Members:

Each Participating Class Member will receive a share of the Net Settlement Amount (called an "Individual Settlement Payment") which, to the extent possible, will be based upon the number of pay periods that he or she worked for Defendant during the Class Period ("Eligible Pay Periods"), as follows:

- The Settlement Administrator will divide the Net Settlement Amount by the aggregate number of Eligible Pay Periods for all Participating Class Members, resulting in a value for each Eligible Pay Period ("Eligible Pay Period Value"). The Settlement Administrator will then take the number of Eligible Pay Periods worked by each Participating Class Member and multiply it by the Eligible Pay Period Value. This calculation will yield the amount of each Participating Class Member's estimated Individual Settlement Payment.

In addition, individuals who are also "PAGA Members," or all current and former non-exempt employees who have been employed at any time during the PAGA Period in California, and who worked a shift of 3.5 hours or greater, are entitled to receive a portion of the Settlement of PAGA Penalties. The PAGA Period is the period commencing on July 30, 2023, and ending on ___________.

The Parties have agreed that $60,000.00 of the Gross Settlement Amount shall be allocated to the settlement of claims under the California Private Attorneys General Act, which is inclusive of a $39,000.00 payment to the LWDA. The remaining $21,000.00 shall be distributed to PAGA Members. Each PAGA Member's share of the PAGA Penalties ("Aggrieved Employee Payment") shall be determined as follows:

- The Settlement Administrator will first divide the Aggrieved Employee Payment by the total number of pay periods worked by all PAGA Members during the PAGA Period. That value will then be multiplied by the number of pay periods worked by each individual PAGA Member during the PAGA Period. This calculation will yield the amount of each Class Member's estimated payment for releasing the PAGA claims alleged in the Action.

Your estimated number of pay periods worked during the Class Period and PAGA Period, along with your estimated total settlement payment, which includes your estimated Individual Settlement Payment and your share from the PAGA Penalties (if eligible), are listed on the front page of this Notice.

For tax purposes, each Class Member's Individual Settlement Payment will be allocated as follows: 15% wages, subject to all applicable tax withholdings (the "wage portion"); 85% as non-wage penalties and interest, not subject to payroll tax withholdings. The wage portion of each Individual Settlement Payment will be subject to payroll taxes and withholdings and will be reported on an IRS Form W-2. The non-wage portion will be reported on an IRS Form 1099. The employer's share of payroll taxes attributed to the wage portion of the Individual Settlement Payments will be paid from the Gross Settlement Amount.

Aggrieved Employee Payments will be allocated as 100% penalties, and will not be subject to payroll taxes or withholdings. These payments will be reported on an IRS Form 1099.

If a Class Member fails to cash a check for his or her Individual Settlement Payment within 180 calendar days after the check is issued, the check will be voided and the funds shall be distributed to the following non-profit organization: Legal Aid at Work.

None of the Parties or attorneys make any representations concerning the tax consequences of this Settlement or your participation in it. Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement. Class Counsel is unable to offer advice concerning the state or federal tax consequences of payments to any Class Member.

7. What claims are being released by the proposed Settlement?

If the Court grants final approval of the settlement, you will automatically be mailed a settlement check for your share of the settlement amount. In addition, you will be deemed to have released or waived the "Released Claims" arising during the Class Period against the "Released Parties," as defined below:

- Released Claims are defined as "all claims, claims pled or which could have reasonably been pled based on the factual allegations contained in the operative complaint or any amendments thereto, including claims for: (i) violation of Labor Code § 226.7; (ii) violation of Labor Code § 226, which are premised on the violations alleged; (iii) violation of Labor Code §§ 201, 202, and 203, which are premised on the violations alleged; and (iv) violation of Business & Professions Code §§ 17200, *et seq.*, which are premised on the violations described above."

- Released Parties include Defendant O'Connor Woods Housing Corporation as named by Plaintiff in the operative complaint, and its past, present and/or future, direct and/or indirect, stockholders, shareholders, members, directors, managers, officers, employees, agents, representatives, attorneys, insurers, reinsurers, partners, investors, lenders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

In addition, regardless of whether you submit a Request for Exclusion, you will be deemed to have released or waived the "PAGA Released Claims" arising during the PAGA Period, as defined below:

- PAGA Released Claims is defined as "all claims pled or which could have reasonably been pled based on the factual allegations contained in the operative complaint or any amendments thereto, for civil penalties under the PAGA including claims premised on alleged violations of Labor Code §§ 201, 202, 203, 226, and 226.7."

8. What are my options in this matter?

- **OPTION 1 – DO NOTHING AND PARTICIPATE IN THE SETTLEMENT**

IF YOU TAKE NO ACTION IN RESPONSE TO THIS NOTICE, YOU WILL AUTOMATICALLY RECEIVE YOUR SHARE OF THE SETTLEMENT IF IT IS APPROVED BY THE COURT. YOU ARE NEVER REQUIRED TO APPEAR IN COURT OR PAY ANYTHING TO THE LAWYERS IN THIS CASE. If you move, you must update your address with the Settlement Administrator. If you disagree with the number of pay periods worked or your eligibility as a PAGA Member as indicated on Page 1, you must submit an explanation and/or documentation to the Settlement Administrator to justify your position. The Settlement Administrator's address is [Settlement Administrator address]. The Settlement Administrator shall determine the eligibility for, and the amounts of the settlement payment shares, and that determination shall be binding.

If you remain in the Settlement, you will release the Released Claims (and PAGA Released Claims, if applicable), as described above.

- **OPTION 2 – EXCLUDE YOURSELF OR OPT OUT FROM THE SETTLEMENT**

You have a right to exclude yourself from ("opt out" of) the Settlement Class, but if you choose to do so, you will not receive any monetary payment from the class action portion of the Settlement. You will not be bound by a judgment in this case, and you will keep the right to file your own lawsuit against Defendant for the same claims in this lawsuit in your own separate lawsuit.

To exclude yourself from the Settlement, you must write to the Settlement Administrator stating that you want to be excluded from the *Annaalicia LeBlanc v. O'Connor Woods Housing Corporation* Settlement.

Be sure to include: (a) your name, address, and telephone number; (b) your signature; and (c) a statement that you wish to be excluded from the *Annaalicia LeBlanc v. O'Connor Woods Housing Corporation* Settlement. Your letter must be postmarked or fax-stamped no later than [Response Deadline] and mailed/faxed to the Settlement Administrator at [XXXXXXXXXX].

If you submit a valid and timely request for exclusion, you will no longer be part of the class action portion of the Settlement. You may not object to the Settlement, and will not receive an Individual Payment Amount. However, if you are a PAGA Member, you will still receive your share of the Aggrieved Employee Payment for release of your PAGA Released Claims as described above. If you do not timely submit a valid request for exclusion, you will remain in the Settlement, and you will be bound by the release of the Released Claims and all other Settlement terms.

- **OPTION 3 – OBJECT TO THE SETTLEMENT**

If you believe the Settlement is not fair, reasonable, or adequate, you may object to it. To object, you must prepare a written statement of objection to the Settlement Administrator. The written objection must contain: (a) your full name, signature, address, and telephone number, (b) a written statement of the grounds for your objection, (c) copies of any papers, briefs, or other documents upon which your objection is based, if any, and (d) a statement of whether you intend to appear at the Final Approval Hearing. You may also appear at the Final Approval Hearing to present an objection in person even if you do not submit a written objection. You can also hire an attorney at your own expense to represent you in your objection.

Your letter must be postmarked or fax-stamped no later than [Response Deadline] and mailed/faxed to the Settlement Administrator at [XXXXXXXXXX].

If you submit an objection, you will remain eligible for a monetary payment under the Settlement if the Court approves the Settlement. If the Court rejects your objection, you will still be bound by the terms of the Settlement. You cannot exclude yourself from the Settlement **and** submit an objection to the Settlement.

9. What is the next step in the approval of the Settlement?

The Court will hold a Final Approval Hearing to determine the fairness, reasonableness, and adequacy of the proposed Settlement, the plan of distribution, Class Counsel's request for attorneys' fees and costs, the service payment to the Class Representative, the settlement administration costs, and the amount allocated to the settlement of PAGA claims on [Date] at [Time] in Department 11B of the Superior Court of the State of California, County of San Joaquin, located at 180 E. Weber Ave., Stockton, California 95202. At the Final Approval Hearing, the Court will rule on any objections, as well as hear arguments for and against the proposed settlement. The Final Approval Hearing may be continued without further notice to Class Members. You are not required to attend the Final Approval Hearing, but you may do so at your own expense.

10. How can I get additional information?

This Notice summarizes the Action and the basic terms of the Settlement. More details are contained in the Joint Stipulation of Class Action Settlement ("Settlement Agreement") that is on file with the Court. The pleadings and other records in this matter, including a complete copy of the Settlement Agreement, may be examined during regular court hours at the Civil Records Department of the San Joaquin County Superior Court. Any questions regarding this Notice should be directed to the Class Counsel, whose contact information is listed on page 4 of this Notice.

For more information, you may also call the Settlement Administrator toll-free at [Phone Number].

11. What should I do if my address changes?

If you need to update your contact information, please promptly contact the Settlement Administrator, toll-free at [Phone Number]. This will ensure that you receive further notices about the Settlement and that you receive your Individual Settlement Payment if the Settlement is approved by the Court.

ALL INQUIRIES REGARDING THIS SETTLEMENT SHOULD BE MADE TO THE SETTLEMENT ADMINISTRATOR: [INSERT SETTLEMENT ADMIN INFO] or **PLAINTIFF'S ATTORNEYS:** Larry W. Lee, Kristen M. Agnew, Max W. Gavron, and Kwanporn "Mai" Tulyathan of Diversity Law Group, P.C., 515 S. Figueroa Street, Suite 1250, Los Angeles, CA 90071, Phone: (213) 488-6555; and William L. Marder of Polaris Law Group, 501 San Benito Street, Suite 200, Hollister, CA 95023, (831) 531-4214.

PLEASE DO NOT CALL OR WRITE TO THE COURT ABOUT THIS NOTICE.

EXHIBIT B