

SEZGIN KHOUSADIAN LLP

ARTHUR SEZGIN, ESQ., (State Bar No. 296666)

arthur@sklaw.legal

ALISA KHOUSADIAN, ESQ., (State Bar No. 285497)

alisa@sklaw.legal

500 North Central Avenue, Suite 830

Glendale, California 91203

Phone: (818) 696-1330 | Fax: (818) 696-1331

Attorneys for Plaintiff **JULIO CASTILLO**

MUSICK, PEELER & GARRETT LLP

Elaine M. Vukadinovich (SBN 187315)

e.vukadinovich@musickpeeler.com

333 South Hope Street, Suite 2900

Los Angeles, California 90071

Telephone: (213) 629-7907

Facsimile: (213) 624-1376

Attorneys for Defendant **GUARD-SYSTEMS, INC.**

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES – CENTRAL JUDICIAL DISTRICT**

JULIO CASTILLO,	) Case No.: 25STCV03183
	)
	)
Plaintiff,	) [Assigned For All Purposes To: Hon. Judge Kevin
	) C. Brazile, Dept. 20]
	)
	)
vs.	) STIPULATION FOR APPROVAL OF PAGA
	) SETTLEMENT AND RELEASE;
	) [PROPOSED] ORDER AND JUDGMENT
	)
GUARD-SYSTEMS, INC., a California	)
corporation; and	) [Declaration of Arthur Sezgin, Esq., and exhibits
DOES 1 THROUGH 100, inclusive,	) in support thereof, filed concurrently herewith]
	)
	)
Defendants.	)
	)

1 **I. INTRODUCTION**

2 Plaintiff JULIO CASTILLO (hereinafter “Castillo” or “Plaintiff”) and Defendant GUARD-
3 SYSTEMS, INC. (hereinafter “Guard Systems” or “Defendant”) have reached an agreement to
4 settle the above-captioned action (hereinafter the “Action”), which includes a cause of action
5 pursuant to the California Private Attorneys General Act (“PAGA”). The parties have memorialized
6 the terms of the PAGA settlement in a Settlement Agreement (hereinafter the “Settlement
7 Agreement”). Attached as “**Exhibit A**” hereto is a copy of the Settlement Agreement.

8 By this Stipulation, and pursuant to California *Labor Code* § 2699(1), Plaintiff and
9 Defendant seek an order permitting settlement on the terms outlined in the Settlement Agreement.
10 Plaintiff and Defendant are collectively referred to as the “Parties” and any one of them individually
11 may be referred to as a “Party.”

12 Defendant adamantly denies any liability or wrongdoing of any kind whatsoever associated
13 with the Action, and further denies that, for any purpose other than settling the Action, the Action
14 is appropriate for representative treatment. It is the desire of the Parties to fully, finally, and forever
15 compromise and discharge all claims known or unknown related to those alleged in the Action.

16 **II. ALLEGATIONS AND INVESTIGATION**

17 A. Defendant operates a private company specializing in security services. Plaintiff
18 started working as a Security Guard for Defendant in or around 2019.

19 B. Plaintiff complied with the procedures of California *Labor Code* § 2699.3 for
20 bringing suit under the Labor Code Private Attorneys General Act of 2004, California *Labor Code*
21 §§ 2698 et seq. (“PAGA”). On August 20, 2024, November 25, 2024, and March 26, 2025, Plaintiff,
22 on behalf of himself and Defendant’s other California non-exempt employees (hereafter
23 collectively the “Aggrieved Employees”) gave written notice by electronic service to the California
24 Labor and Workforce Development Agency (“LWDA”) and via certified mail to Defendant of his
25 claims against Defendant (“PAGA Notice”). In the PAGA Notice to the LWDA, Plaintiff asserted
26 on behalf of himself and the Aggrieved Employees that Defendant violated various laws based on
27

1 the various theories of liability, including, but not limited to Defendant's alleged failure to: provide
2 meal periods; provide rest periods; pay for all hours worked; pay minimum wages; pay overtime
3 wages; provide accurate wage statements; timely pay all wages due in accordance with time periods
4 prescribed by law; reimburse business expenses; keep accurate payroll records; have sick leave in
5 compliance with law, and timely pay all final wages at separation of employment.

6 Plaintiff filed his initial lawsuit on February 05, 2025, in the Superior Court for the State of
7 California, County of Los Angeles, Case No. 25STCV03183, including a cause of action for
8 penalties under PAGA. See concurrently filed Declaration of Arthur Sezgin, Esq. (hereinafter
9 "Sezgin Decl."), ¶ 3.

10 C. According to Defendant's records, they employed approximately 699 potential
11 Aggrieved Employees from August 20, 2023 through March 21, 2025, and issued paychecks for a
12 total of approximately 10,848 pay periods worked for that same time period (which is the result of
13 taking the number of weekly pay periods and dividing those by two given the 50% reduction in
14 penalties for employers with weekly pay cycles under Labor Code section 2699(o)).

15 D. On March 21, 2025, the Parties attended a full-day mediation session with
16 experienced wage-and-hour mediator, Michael Ludwig, Esq. In advance of mediation, and prior to
17 the Parties reaching a resolution, Plaintiff obtained, through informal discovery requests, relevant,
18 detailed information related to the Aggrieved Employees over the PAGA Period including, but not
19 limited to, a 25% sampling of employees' time and wage records, the number of Aggrieved
20 Employees and applicable pay periods, various policies and other informal discovery necessary to
21 facilitate mediation. Through extensive arm's length negotiations, and only after informal discovery
22 was completed, the Parties agreed to settlement terms. See Sezgin Decl., ¶ 4.

23 E. The Parties sufficiently conducted investigation of the facts and law through the time
24 a resolution was agreed to. Counsel for the Parties have further investigated the applicable law as
25 applied to the facts discovered regarding Plaintiff's claims, the defenses thereto, and the Labor
26 Code violations claimed by Plaintiff. Based on their own independent investigations and
27

1 evaluations, and despite the sharply disputed legal and factual issues, the Parties and their respective
2 counsel are of the opinion that the settlement for the consideration and on the terms set forth in this
3 Stipulation are fair, reasonable, and adequate and are in the best interests of Plaintiff, the Aggrieved
4 Employees, and Defendant in light of all known facts and circumstances and the risks and costs
5 inherent in litigation. See Sezgin Decl., ¶ 5.

6 F. The Parties further recognize that the issues presented in the PAGA claim are likely
7 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
8 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to
9 the maximum potential benefits. See Sezgin Decl., ¶ 6.

10 **III. FAIRNESS OF THE SETTLEMENT**

11 A. While this lawsuit includes a PAGA claim, the Parties are not obligated to follow
12 the class action procedural rules for obtaining approval of this settlement. *See Arias v. Superior*
13 *Court (Angelo Dairy)*, (2009) 46 Cal.4th 969. Settlement, however, is fair, as it was reached through
14 arm's length bargaining in front of an experienced wage and hour mediator, the settlement was
15 based on sufficient investigation and discovery, Plaintiff's counsel has extensive experience in
16 PAGA actions, and given the claims at issue and risks of arbitration and/or trial.

17 B. Plaintiff's counsel has significant experience in litigating PAGA actions.

18 C. Plaintiff alleges that the strongest claims are that Plaintiff and other Aggrieved
19 Employees were not provided timely, uninterrupted meal and rest breaks, and that there would be
20 derivative penalties under Labor Code Section 226 based on the failure to itemize meal and rest
21 break premiums on the paystubs. Defendant vehemently denies that there were any meal and rest
22 break violations, especially in light of the fact that Defendant contends it had adequate meal and
23 rest period policies and practices, as well as timekeeping policies and practices and valid on-duty
24 meal period agreements, and proving a violation would require individualized determinations as
25 Defendant contends non-compliance, if any, was on the part of employees, was isolated and
26 voluntary. In terms of Plaintiff's other claims for minimum wage violations and failure to
27

1 compensate for all hours worked, for example, no issues, including rounding, unfavorable to
2 Plaintiff and other Aggrieved Employees were observed and Defendant contends it maintained
3 accurate timekeeping policies, paid employees for all recorded hours, and was not aware of off-the-
4 clock or other alleged uncompensated work, if any. As another example, no unreimbursed, required
5 business expenses were discovered and Defendant contends it provided all necessary
6 reimbursement for required expenses, if any. Defendant also contends the derivative claims such
7 as those based on the wage statements are without merit. As an example, Defendant argues that the
8 wage statements issued to employees met the requirements of Labor Code section 226, that there
9 was no “knowing and intentional” violation, nor that Plaintiff could show any injury as a result of
10 an alleged wage statement violation.

11 D. The source of penalties available is under PAGA, which allows employees to seek
12 civil penalties for certain violations of the Labor Code so long as the penalties are not unjust,
13 arbitrary, oppressive, or confiscatory. There is a substantial risk that the Court could find either no
14 penalties due as to some, or all claims, or reduce civil penalties to an insignificant amount if it is
15 unpersuaded by Plaintiff’s evidence of willful and intentional conduct. The PAGA expressly
16 counsels in support of such reduced awards. *See California Labor Code* § 2699(e)(2) (stating “[A]
17 court may award a lesser amount than the maximum civil penalty amount specified by this part if,
18 based on the facts and circumstances of the particular case, to do otherwise would result in an award
19 that is unjust, arbitrary and oppressive, or confiscatory.”).

20 E. Judges have awarded extremely small sums to PAGA claimants in the past, even
21 prior to the significant PAGA reforms effective in June, 2024, to which this case is subject. Indeed,
22 California Labor Code Section 2699(e)(1) permits a Court to award a *lesser* amount than the
23 maximum civil penalty if, based on the facts and circumstances, to do otherwise would result in an
24 award that is “unjust, arbitrary and oppressive or confiscatory.” For example, in *Carrington v.*
25 *Starbucks Corp.*, the Court of Appeal affirmed a judgment after trial which only provided for a
26 PAGA penalty of \$5.00 per pay period. *Carrington v. Starbucks Corp.*, (2018) 30 Cal.App.5th 504.

1 Here, the settlement of \$100,000 results in approximately almost \$10 per pay period (based on
2 10,848 pay periods).

3 F. The Parties further recognize that the issues presented in the PAGA claim are likely
4 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
5 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to
6 the maximum potential benefits to the Aggrieved Employees and Plaintiff from continued litigation.

7 G. The settlement of the PAGA claim involves monetary relief to all Aggrieved
8 Employees, Plaintiff, his attorneys, and the State of California. It allows the Aggrieved Employees
9 to receive timely, guaranteed relief and will avoid the risk of an unfavorable judgment.

10 H. Furthermore, Plaintiff recognizes that continued litigation presents significant risks
11 that support a significant downward departure from the amount of Plaintiff's estimated civil
12 penalties. In view of the risks, the settlement represents a fair, adequate, and reasonable compromise
13 amount for these claims and is in the best interest of Plaintiff and Aggrieved Employees and
14 therefore warrants approval. *See Laguna v. Coverall N. Am., Inc.*, (9th Cir. 2014) 2014 WL 2465049
15 at 3. The PAGA settlement and its terms are fair, just, reasonable, adequate, and equitable to
16 Defendant, Plaintiff, and the State, and are the product of good-faith, and informed arm's length
17 negotiations between the Parties consistent with public policy and fully comply with applicable
18 provisions of law.

19 **IV. TERMS AND PROCEDURES OF THE SETTLEMENT**

20 A. The Settlement Agreement covers any and all civil penalties claims arising from
21 Plaintiff's PAGA claim in the Complaint and PAGA Notice, as laid out above. For the avoidance
22 of uncertainty, this stipulation and release includes a release of claims under PAGA for violations
23 of California Labor Code Sections 201, 202, 203, 204, 226, 226.3, 226.7, 245-249, 246.5, 248.5,
24 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2800, 2802, and the
25 applicable Wage Order.

1 B. Without any admission of liability or wrongdoing, Defendant agrees to pay the total
2 amount of \$100,000.00 in settlement (the “Gross Settlement Amount” or “GSA”) which will be
3 distributed as follows:

4 1) \$33,330.00 (33 1/3% of the GSA) in attorney’s fees to Sezgin Khousadian LLP;

5 2) \$8,683.72 in attorney litigation costs and expenses to Sezgin Khousadian LLP;

6 3) \$5,250.00 in PAGA Settlement Administrator costs to the Settlement Administrators
7 (ILYM Group, Inc.);

8 4) \$52,736.28 (the “Net Settlement Amount” or “NSA”) will be divided as follows:

9 i. \$34,278.58 (65% of “NSA”) to the LWDA, which represents civil penalties
10 payable to the LWDA under the Labor Code Private Attorneys General Act
11 (“PAGA”), Labor Code Sections 2698 et seq.; and

12 ii. \$18,457.70 (35% of NSA) (the “Aggrieved Employee Amount”) to the
13 Aggrieved Employees which represents civil penalties payable to the
14 Aggrieved Employees as compensation for civil penalties that are allegedly
15 owed on the representative PAGA claim for the period from August 20, 2023
16 through Court approval of this settlement. See Sezgin Decl., ¶ 7.

17 C. Plaintiff and each Aggrieved Employee shall receive a portion of the Aggrieved
18 Employee Amount on a pro-rata basis by multiplying the Aggrieved Employee Amount by the ratio
19 of (i) the number of pay periods worked by the Aggrieved Employee during the release period and
20 (ii) the total number of pay periods worked by all Aggrieved Employees during the release period.
21 For purposes of computing taxes, one hundred percent (100%) of the Aggrieved Employee
22 Settlement Award shall be considered to be a civil penalty and shall therefore not be subject to
23 withholding, unless otherwise required by law. The Claims Administrator shall file proof of
24 payment.

1 **V. THE PROPOSED AMOUNT FOR ATTORNEY’S FEES AND LITIGATION**
2 **COSTS & EXPENSES IS FAIR, ADEQUATE, AND REASONABLE AND SHOULD**
3 **BE APPROVED**

4 A. Plaintiff’s counsel represents Plaintiff on a straight contingency basis. Plaintiff
5 counsel’s request for \$33,330.00 in attorney fees and \$8,683.72 in litigation costs and expenses is
6 fair and reasonable. “Empirical studies show that, regardless of whether the percentage method or
7 the lodestar method is used, fee awards in class actions average around one-third of the recovery.
8 *See Lafitte v. Robert Half Int’l Inc.*, (2016) 1 Cal.5th 480, 503 (holding courts can use the percentage
9 method for the calculation of attorneys’ fees); *see also Chavez v. Netflix, Inc.*, (2008) 162
10 Cal.App.4th 43, 47 fn. 11. This is also consistent with Plaintiff’s counsel’s experience in cases
11 involving PAGA claims. This award is justified here because Plaintiff’s counsel achieved a strong
12 result for the Aggrieved Employees and the State while bearing the substantial burdens of
13 contingency representation.

14 B. It is an accepted practice in a wage-and-hour class action settlement to award
15 attorney’s fees to plaintiff’s counsel based on a percentage of the total settlement value agreed upon
16 by the parties. California courts have long recognized that an appropriate method for awarding
17 attorney’s fees in class actions is to award a percentage of the common fund. *See Serrano v. Priest*,
18 (1977) 20 Cal.3d. 25, 48-49 (holding “when a number of persons are entitled in common to a
19 specific fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the
20 creation or preservation of that fund, such plaintiff or plaintiffs may be awarded attorney’s fees out
21 of the fund”); *see also Wershba v. Apple Computer, Inc.*, (2001), 91 Cal.App.4th 230, 254; *see also*
22 *Lealao v. Beneficial California, Inc.*, (2000) 82 Cal.App.4th 19, 26-30.

23 C. The litigation costs and expenses expended to aid in the representation of the
24 Aggrieved Employees include the following: (1) the original PAGA notice filing fee in the amount
25 of \$75.00; (2) complaint filing fee in the amount of \$458.72; (3) expert analysis fee in the amount
26 of \$1,150.00; and (4) mediation fees in the amount of \$7,000.00.

1 **VI. NO ADMISSION OF LIABILITY OR WRONGDOING**

2 The payment of consideration or any other obligation are not and shall not be construed in
3 any way as an admission of wrongdoing or liability on the part of Defendant, or any other person
4 or business entity. Defendant adamantly denies all allegations of wrongdoing arising out of the
5 employment relationship between the Parties, including the Aggrieved Employees. The Parties
6 intend merely to avoid the expense, delay, uncertainty, and burden of continued litigation.

7 **VII. PAGA SETTLEMENT ADMINISTRATION**

8 A. **Administration:** The Parties agree to use ILYM Group, Inc. to handle the
9 administration of this Settlement.

10 B. **Administration Costs And Expenses:** All costs and expenses due to the Settlement
11 Administrator in connection with its administration of the Settlement described in the Agreement,
12 including, but not limited to, formatting and mailing the Settlement Letter and Individual Settlement
13 Payments, performing a National Change of Address database search to update Settlement Group
14 Members addresses prior to the mailing, performing skip-traces to locate and update Settlement
15 Group Members' addresses, calculating, and distributing Individual Settlement Payments, and any
16 other tasks requested by the Parties or by the Court, among other tasks as reflected within this
17 Agreement, will be paid through the Gross Settlement Amount.

18 C. **Funding And Distribution:**
19 ***Aggrieved Employee Data:*** Within fifteen (15) calendar days of the Effective Date, Defendant shall
20 deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel
21 spreadsheet. To protect the Aggrieved Employees' privacy rights, the Administrator must maintain
22 the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes
23 of the Settlement, and for no other purpose, and restrict access to the Aggrieved Employee Data to
24 Administrator employees who require access to the Aggrieved Employee Data to effect and perform
25 as set forth in the Agreement. Defendant has a continuing duty to immediately notify the
26 Administrator if it discovers that the Aggrieved Employee Data omitted employee identifying
27

1 information and, if so, to provide corrected or updated Aggrieved Employee Data as soon as
2 reasonably feasible. Without any extension of the deadline by which Defendant must send the
3 Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use
4 their best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or
5 omitted Aggrieved Employee Data.

6 ***Funding of the Gross Settlement Amount:*** The Settlement Administrator will provide Defendant
7 with its bank wire instructions to establish the Qualified Settlement Fund (QSF). Within fifteen (15)
8 calendar days of the Effective Date, Defendant shall transmit the Gross Settlement Amount to the
9 Settlement Administrator.

10 ***Distribution of the Gross Settlement Amount:*** Within fifteen (15) calendar days of Defendant's
11 funding of the Gross Settlement Amount, the Administrator shall mail checks for all of the
12 Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment,
13 and the PAGA Counsel Attorney's Fees and Litigation Costs and Expenses Payments, to the
14 checks' respective addressees, as set forth herein. Disbursement of the PAGA Counsel Attorney's
15 Fees and Litigation Costs and Expenses Payments shall not precede disbursement of the Individual
16 PAGA Payments.

17 The Administrator shall issue checks for the Individual PAGA Payments and send them to
18 the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall
19 prominently state the date (not less than 180 days after the date of mailing) when the check will be
20 voided. The Administrator shall cancel all checks not cashed by the void date. Before mailing any
21 checks, the Administrator must update the respective recipients' mailing addresses using the
22 National Change of Address Database. The Administrator will include with each Individual PAGA
23 Payment check a notice, a copy of which will first be submitted to the Court for approval along
24 with the motion and/or application for approval of the Settlement informing the recipient of the
25 scope of the Released PAGA Claims, and as to the recipient's responsibility, for any taxes payable
26 on the amount received. The Notice shall be substantially in the form attached as Exhibit A to the
27

Settlement Agreement.

The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undeliverable, without a United States Postal Service (“USPS”) forwarding address. Within seven (7) days of receiving a returned check, the Administrator must re-mail said check to the USPS forwarding address provided, or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take any further steps to deliver checks to any of the Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, provided that the Aggrieved Employee requests same prior to the void date.

For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller’s Unclaimed Property Fund in the name of the Aggrieved Employee.

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

Non-Cashed Settlement Checks: Settlement Group Members shall have one hundred eighty days (180) to cash their checks. Any funds associated with uncashed checks after one hundred eighty (180) days will be sent to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California *Civil Code* §§ 1500 et seq., for the benefit of those Settlement Group Members whose checks were voided.

VIII. TAXES

Plaintiff and each Aggrieved Employee bear full responsibility for the payment of any non-employer-side taxes or withholdings arising from the Aggrieved Employee Settlement Awards paid to them.

1 **IX. RELEASED CLAIMS**

2 Upon the approval by the Court of this Stipulation and attached Settlement Agreement,
3 Plaintiff, the State of California, and each Aggrieved Employee shall fully release and forever
4 discharge Defendant and the Released Parties from any and all claims, rights, demands, liabilities
5 for violation of the PAGA (California *Labor Code* §§ 2699 et seq.) that were set forth, or that could
6 have been set forth based on the facts alleged in the Operative Complaint and the PAGA Notice,
7 including, but not limited to those under Labor Code Sections 201, 202, 203, 204, 226, 226.3, 226.7,
8 245-249, 246.5, 248.5, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1198.5, 1199, 2699,
9 2800, 2802, and the applicable Wage Order, as more fully set forth in the Parties' Settlement
10 Agreement, attached hereto as Exhibit A.

11 **X. CONCLUSION**

12 The Parties respectfully request the Court approve this Stipulation and the Settlement
13 Agreement attached hereto as Exhibit A.

14
15 Dated: April 22, 2025

SEZGIN KHOUSADIAN LLP

16 By: Arthur Sezgin
17 ARTHUR SEZGIN, ESQ.
18 Attorneys for PLAINTIFF
JULIO CASTILLO

19 Dated: April 24, 2025

MUSICK, PEELER & GARRETT LLP

20
21 By: Elaine M. Vukadinovich
22 ELAINE M. VUKADINOVICH, ESQ.
23 Attorneys for DEFENDANT
24 GUARD-SYSTEMS, INC.
25
26
27

1 **[PROPOSED] ORDER AND JUDGMENT**

2 Under California Labor Code Section 2699(1)(2) of the Private Attorneys General Act of
3 2004 (“PAGA”), the Parties submitted a Stipulation for Approval of Settlement under PAGA.

4 Plaintiff’s Complaint, filed on or about February 05, 2025, Case No. 25STCV03183
5 (“Action”), seeks civil penalties on himself of the State of California and similarly situated
6 aggrieved employees (the “Aggrieved Employees”), as authorized by PAGA under California
7 *Labor Code* § 2699, in relation to alleged violations of the predicate statutes set forth in Plaintiff’s
8 Complaint and the letters to the Labor Workforce and Development Agency (“LWDA”) dated
9 August 20, 2024, November 25, 2024, and March 26, 2025 (“PAGA Notice”), on behalf of all
10 current and former non-exempt employees of Defendant from August 20, 2023 through Court
11 approval of this settlement on _____, 2025, inclusive.

12 Under PAGA, in any action brought by an aggrieved employee, the Court “shall review and
13 approve any settlement of any civil action filed pursuant to this part.” California *Labor Code* §
14 2699(1)(2). Accordingly, the Court, having considered the proposed settlement set forth in the
15 Settlement Agreement, including the proposed PAGA penalties, under Labor Code § 2699(1)(2),
16 having considered the papers filed in support of the proposed settlement and the arguments of
17 counsel, and good cause appearing, HEREBY ORDERS AS FOLLOWS:

- 18 1. The Court finds the instant Action presents a good-faith dispute of the PAGA claim alleged
19 and that the Parties reached settlement as a result of arm’s-length negotiations;
- 20 2. The Court finds in favor of settlement approval, and therefore approves settlement of the
21 PAGA claim in above-captioned action in its entirety, as set forth in the Settlement
22 Agreement, which is incorporated by reference herein, and further finds that the definitions,
23 terms and conditions including each of the releases and other terms, are fair, just, reasonable,
24 and adequate;
- 25 3. The Court also finds that Plaintiff submitted the Settlement Agreement to the LWDA in
26 conformity with Labor Code section 2699(1)(2) and that the LWDA has not sought to
27

1 intervene or appear in the Action.

2 4. The Court finds further that Plaintiff, acting on behalf of himself, the Aggrieved Employees,
3 and the State of California, by operation of the entry of this Order and Judgment and full
4 funding of the Gross Settlement Amount hereby are deemed to release and forever, on behalf
5 of themselves and their respective former and present representatives, agents, attorneys
6 (including PAGA Counsel), heirs, administrators, successors, and assigns (“the Aggrieved
7 Employee Releasers”), the Released Parties (Defendant Guard-Systems, Inc., and each of
8 its affiliated or related companies, and its and their former and present accountants, insurers,
9 reinsurers, attorneys, agents, successors, heirs, advisors, employees, directors, officers,
10 members, owners, shareholders, representatives, and consultants) of all PAGA claims
11 asserted, or that could have been asserted in the Complaint and PAGA Notice including, but
12 not limited to, those under Labor Code Sections 201, 202, 203, 204, 226, 226.3, 226.7, 245-
13 249, 246.5, 248.5, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1198.5, 1199,
14 2699, 2800, 2802, and the applicable Wage Order, and a Civil Code Section 1542 release
15 as to those sections (“PAGA Released Claims”). The release shall extend through the
16 Covered Period;

17 5. The Court finds further that the foregoing release shall be binding on Plaintiff and the State
18 of California, and shall bar any claim under PAGA brought by any person, including the
19 Aggrieved Employees, on behalf of the State of California, as to the PAGA Released
20 Claims;

21 6. The Parties are directed to comply with all terms of the Settlement Agreement, and
22 Defendant is directed to make all payments required by the Settlement Agreement;

23 7. Under the Settlement Agreement, Defendant agrees to pay an all-in gross amount of **One**
24 **Hundred Thousand Dollars and Zero Cents (\$100,000.00)** (the “Gross Settlement
25 Amount”). The Gross Settlement Amount is inclusive of payments to the LWDA, the
26 Aggrieved Employees, Settlement Administrator Costs, Attorney’s Fees, and Litigation
27 Costs & Expenses. No portion of the Gross Settlement Amount will revert to Defendant.

1 Plaintiff's counsel requests an award of attorney's fees in the amount of **Thirty-Three**
2 **Thousand Three Hundred Thirty Dollars and Zero Cents (\$33,330.00)**, and litigation
3 costs and expenses in the amount of **Eight Thousand Six Hundred Eighty-Three Dollars**
4 **and Seventy-Two Cents (\$8,683.72)**. The Settlement Administrator, ILYM Group, Inc.,
5 requests administration costs of **Five Thousand Two Hundred Fifty Dollars and Zero**
6 **Center (\$5,250.00)**. The Court finds the Gross Settlement Amount is fair, reasonable, and
7 adequate, and approves each of these payments, and directs the Settlement Administrator to
8 make the above payments from the Gross Settlement Amount as follows:

- 9 a. \$33,330.00 in attorney's fees to Sezgin Khousadian LLP;
- 10 b. \$8,683.72 in litigation costs and expenses to Sezgin Khousadian LLP;
- 11 c. \$5,250.00 in administration costs to ILYM Group, Inc.;
- 12 d. After deducting the foregoing payments, the estimated remainder of approximately
13 \$52,736.28 shall form the Net Settlement Amount ("NSA"). Pursuant to Labor Code
14 Section 2699(i), the NSA will then be distributed 65 percent (\$34,278.58) to the
15 LWDA, and the remaining 35 percent (\$18,457.70) to the Aggrieved Employees on
16 a pro rata basis, as set forth in the Settlement Agreement.
- 17 e. The Court approves these payments as fair, just, reasonable and adequate and directs
18 the Settlement Administrator to issue checks to the LWDA and Aggrieved
19 Employees, along with a Notice of PAGA Settlement, Plaintiff, Plaintiff's counsel,
20 and to otherwise carry out its duties as set forth in the Settlement Agreement; and
- 21 8. The Court approves the Notice of PAGA Settlement attached as Exhibit A to the Settlement
22 Agreement attached hereto and the Administrator shall distribute the Notice to Aggrieved
23 Employees at the same time that it distributes the individual checks to the Aggrieved
24 Employees.
- 25 9. Individual employees shall not have the right to opt out of or object to the Settlement.
- 26 10. No individualized notice of this Order and Judgment is required to be provided to Aggrieved
27 Employees. This Order and Judgment shall be submitted to the LWDA by Plaintiff's

1 Counsel through the online system established for the filing of notices and documents within
2 seven (7) days of the entry of this Order and Judgment, in conformity with California Labor
3 Code 2699(1)(3).

4 11. The above-referenced Action and all claims asserted by Plaintiff individually and in a
5 representative capacity are hereby DISMISSED WITH PREJUDICE. The Court reserves
6 exclusive and continuing jurisdiction over the Action and the Parties under California *Code*
7 *of Civil Procedure* § 664.6 for the purpose of supervising implementation, enforcement,
8 construction, administration, and interpretation of the Settlement Agreement.

9
10 **IT IS SO [PROPOSED] ORDERED.**

11
12 Dated: _____

Hon. Judge Kevin C. Brazile

EXHIBIT A

PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE §§ 2698 et seq.) SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Julio Castillo (“Plaintiff”) on behalf of himself and other current and former aggrieved employees, and Defendant Guard-Systems, Inc. (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means Plaintiff’s PAGA lawsuit captioned *Castillo v. Guard-Systems, Inc., et al.* (Case No. 25STCV03183) initiated on February 05, 2025, and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2. “Administrator” means ILYM Group, Inc., 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 approval of the Settlement.
- 1.4. “Aggrieved Employee” means a person employed by Defendant Guard-Systems, Inc. in California and classified as a non-exempt employee who worked for Defendant during the PAGA Period.
- 1.5. “Aggrieved Employee Data” means Aggrieved Employee identifying information in Defendant’s possession, including the Aggrieved Employee’s name, last known mailing address, Social Security number, and number of PAGA Pay Periods said person worked.
- 1.6. “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee 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 Aggrieved Employees.
- 1.7. “Court” means the Superior Court of California, County of Los Angeles.
- 1.8. “Defendant” means named Defendant, Guard-Systems, Inc.
- 1.9. “Defense Counsel” means Musick, Peeler & Garrett LLP.
- 1.10. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement; and (b) the Judgment is final. The Judgment is final the day the Court enters Judgment with no objections, appeals, interventions (attempted or permitted), motions to set aside the Judgment, or objections by the Labor Workforce Development Agency (“LWDA”) being made, provided that the Settlement is not materially modified. A “material modification” does not include any reduction of the PAGA Counsel Fees Payment as described in this Agreement.

- 1.11. “Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.12. “Gross Settlement Amount” means One Hundred Thousand Dollars and Zero Cents (\$100,000.00), which is the total amount Defendant agrees to pay in the Settlement of the PAGA cause of action. The Gross Settlement Amount shall be used to pay the Individual PAGA Payments, the LWDA PAGA Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Administrator’s Expenses Payment.
- 1.13. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 35% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.
- 1.14. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code Section 2699, subd. (i).
- 1.15. “LWDA PAGA Payment” means the 65% of the PAGA Penalties paid to the LWDA under Labor Code Section 2699, subd. (i).
- 1.16. “Net Settlement Amount” or “PAGA Penalties” mean the Gross Settlement Amount, less the following payments in the amounts approved by the Court: (i) the PAGA Counsel Fees Payment; (ii) the PAGA Counsel Litigation Expenses Payment; and (iii) the Administrator’s Expenses Payment. The remaining funds are to be allocated 35% to the Aggrieved Employees and 65% to the LWDA in settlement of the PAGA claims.
- 1.17. “PAGA Counsel” means Sezgin Khousadian LLP, the attorneys representing the Plaintiff in the Action.
- 1.18. “PAGA Counsel Fees Payment” and “PAGA Counsel Litigation Expenses Payment” mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorney’s fees and expenses, respectively, incurred to prosecute the Action.
- 1.19. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant Guard-Systems, Inc. for at least one day during the PAGA Period although, because Defendant is on weekly pay cycles, this number shall be divided by two for each aggrieved employee given the 50% reduction in penalties under Labor Code section 2699(o) for employer’s on weekly pay cycles.
- 1.20. “PAGA Period” means the period from August 20, 2023 through the date of Court approval of this Agreement, or earlier as provided by paragraph 8 of this Agreement.
- 1.21. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698 et seq.).
- 1.22. “PAGA Notice” means Plaintiff’s letters dated August 20, 2024, November 25, 2024, and March 26, 2025 to Defendant and the LWDA providing notice pursuant to Labor Code Section 2699.3, subd.(a).
- 1.23. “Plaintiff” means Julio Castillo, the named Plaintiff in the Action.

- 1.24. “Approval Order” means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.25. “Released PAGA Claims” means the claims being released as described in Paragraph 5 below.
- 1.26. “Released Parties” means: Defendant Guard-Systems, Inc., and each of its affiliated or related companies, and its and their former and present accountants, insurers, reinsurers, attorneys, agents, successors, heirs, advisors, employees, directors, officers, members, owners, shareholders, representatives, and consultants.
- 1.27. “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS.

- 2.1. On February 05, 2025, Plaintiff commenced this Action by filing a complaint and alleging a cause of action for violation of California’s Private Attorneys General Act.
- 2.2. Defendant denies the allegations in the Action and PAGA Notice, denies any failure to comply with the laws identified therein, denies any and all liability for the causes of action alleged, and denies the existence of any aggrieved employees.
- 2.3. Pursuant to Labor Code Section 2699.3, subd.(a), Plaintiff gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.
- 2.4. On March 21, 2025, the Parties participated in an all-day mediation presided over by mediator Michael Ludwig, Esq., which led to this Agreement to settle the Action.
- 2.5. Prior to the Parties reaching a resolution, Plaintiff obtained, through informal discovery requests, relevant, detailed information related to the Aggrieved Employees over the PAGA Period including but not limited to a 25% sampling of employees’ time and wage records, the number of Aggrieved Employees and applicable pay periods, various policies and other informal discovery necessary to facilitate mediation.
- 2.6. The Parties, PAGA 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 9 below, Defendant promises to pay One Hundred Thousand Dollars and Zero Cents (\$100,000.00) and no more as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount 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 Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.
- 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 its order granting final approval of the Settlement:

3.2.1. **To PAGA Counsel:** The PAGA Counsel Fees Payment, not to exceed 33.3333% of the Gross Settlement Amount, and which is currently estimated to be in the amount of Thirty-Three Thousand Three Hundred Thirty Dollars and Zero Cents (\$33,330.00).

3.2.2. **To PAGA Counsel:** The PAGA Counsel Litigation Expenses Payment, which is currently estimated to be in the amount of Eight Thousand Six Hundred Eighty-Three Dollars and Seventy-Two Cents (\$8,683.72), including a PAGA notice filing fee in the amount of \$75.00; complaint filing fee in the amount of \$458.72; expert analysis fee in the amount of \$1,150.00; and mediation fees in the amount of \$7,000.00.

Defendant shall not oppose requests for the Court to approve these payments, provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel shall file a stipulation, application, or motion for the PAGA Counsel Fees Payment and the PAGA Litigation Expenses Payment. If the Court approves the PAGA Counsel Fees Payment and/or the PAGA Counsel Litigation Expenses Payment in amounts less than those requested, the Administrator shall allocate the remaining funds to the Net Settlement Amount. The Released Parties shall have no liability to PAGA Counsel or any other attorneys for Plaintiff arising from any claim to any portion of the PAGA Counsel Fee Payment and/or the PAGA Counsel Litigation Expenses Payment. The Administrator shall pay the PAGA Counsel Fees Payment and the PAGA Counsel Expenses Payment using one or more IRS Forms 1099. PAGA Counsel assumes full responsibility and liability for any and all taxes that may be owed on the PAGA Counsel Fees Payment, and holds the Released Parties harmless, and indemnifies the Released Parties 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 Eleven Thousand and Zero Cents (\$11,000.00) except for a showing of good cause and as approved by the Court and which is currently estimated to be in the amount of Five Thousand Two Hundred Fifty Dollars and Zero Center (\$5,250.00). To the extent the Administration Expenses are less, or the Court approves payment less than \$5,250.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. **To the LWDA and Aggrieved Employees:** After deducting the above amounts, the Net Settlement Amount, which comprises the PAGA Penalties, is currently estimated to be \$52,736.28, with 65% (\$34,278.58) allocated to the LWDA PAGA Payment and 35% (\$18,457.70) allocated to the Individual PAGA Payments.

3.2.4.1. The Administrator will calculate each Individual PAGA Payment by: (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period; and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.4.2. For tax purposes, the Individual PAGA Payments will be characterized 100% as penalties. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms. It is the understanding of the Parties that there will be no additional employer-side taxes on the PAGA Payments, because it is 100% penalties. However, should the Court order any portion as wages, such employer-side taxes will be the sole liability of Defendant. Aggrieved

Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

4. SETTLEMENT FUNDING AND PAYMENTS.

- 4.1. Aggrieved Employees and Pay Period Estimates: Based on a review of its records as of the date the Parties agreed to resolve the matter, i.e., on or about March 21, 2025, Defendant estimates there were 699 Aggrieved Employees who worked a total of approximately 10,848 PAGA Pay Periods (which is the result of taking the number of weekly pay periods and dividing those by two given the 50% reduction in penalties for employers with weekly pay cycles under Labor Code section 2699(o)).
- 4.2. Aggrieved Employee Data: Within fifteen (15) days of the Effective Date, Defendant shall deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect the Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of the Settlement, and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who require access to the Aggrieved Employee Data to effect and perform as set forth in the Agreement. Defendant has a continuing duty to immediately notify the Administrator if it discovers that the Aggrieved Employee Data omitted employee identifying information and, if so, to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use their best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.
- 4.3. Funding of the Gross Settlement Amount: Defendant shall fully fund the Gross Settlement Amount by transmitting the sum of the Gross Settlement Amount to the Administrator no later than fifteen (15) calendar days after the Effective Date.
- 4.4. Payments from the Gross Settlement Amount: Within fifteen (15) calendar days of Defendant's funding of the Gross Settlement Amount, the Administrator shall mail checks for all of the Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, and the PAGA Counsel Attorney's Fees and Litigation Costs and Expenses Payments, to the checks' respective addressees, as set forth herein. Disbursement of the PAGA Counsel Attorney's Fees and Litigation Costs and Expenses Payments shall not precede disbursement of the Individual PAGA Payments.
 - 4.4.1 The Administrator shall issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator shall cancel all checks not cashed by the void date. Before mailing any checks, the Administrator must update the respective recipients' mailing addresses using the National Change of Address Database. The Administrator will include with each Individual PAGA Payment check a notice, a copy of which will first be submitted to the Court for approval along with the motion and/or application for approval of the Settlement informing the recipient of the scope of the Released PAGA Claims, and as to the recipient's responsibility, for any taxes payable on the amount received. The Notice shall be substantially in the form attached as Exhibit A to this Agreement.

- 4.4.2 The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undeliverable, without a United States Postal Service (“USPS”) forwarding address. Within seven (7) days of receiving a returned check, the Administrator must re-mail said check to the USPS forwarding address provided, or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take any further steps to deliver checks to any of the Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, provided that the Aggrieved Employee requests same prior to the void date.
- 4.4.3 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller’s Unclaimed Property Fund in the name of the Aggrieved Employee.
- 4.4.4 The payment of the Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, the Aggrieved Employees, and PAGA Counsel shall release, and shall be deemed to have released, claims against the Released Parties as follows:

- 5.1. Plaintiff’s Release. Plaintiff and his, her or their respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors and assigns generally, release and discharge Released Parties from all claims, transactions or occurrences [that occurred during the PAGA Period], including, but not limited to: all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and the PAGA Notice (“Plaintiff’s Release”). Plaintiff’s Release does not extend to any claims or actions to enforce this Agreement or any other agreement Plaintiff has and/or may have with Released Parties, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers’ compensation benefits that arose at any time or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff’s Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff’s discovery of them. 5.1.1

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

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

- 5.2. Release by the Aggrieved Employees: All of the Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns (“the Aggrieved Employee

Releasers”), the Released Parties of all PAGA claims asserted, or that could have been asserted in the Complaint and PAGA Notice including, but not limited to, those under Labor Code Sections 201, 202, 203, 204, 226, 226.3, 226.7, 245-249, 246.5, 248.5, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2800, 2802, and the applicable Wage Order, and a Civil Code Section 1542 release as to those sections (in the alternative, if the Court does not approve the Civil Code Section 1542 release language related to the PAGA claims, the following language shall apply: To the extent an alleged PAGA violation arises directly from the operative facts pled in the PAGA letters and complaints (including any amendments thereto) and implicates the same primary rights and defenses being settled here, those PAGA claims are settled and released to the fullest extent permitted under applicable law). The release shall extend through the Covered Period.

- 5.3. Release by PAGA Counsel: PAGA Counsel releases, on behalf of its present and former attorneys, employees, agents, successors, and assigns (“the PAGA Counsel Releasers”), the Released Parties from all claims for attorney’s fees and expenses incurred to prosecute the Action, or incurred in relation to the Action or the PAGA Notice, except as those fees and costs specifically provided for herein.

6. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT. The Parties shall jointly prepare and file a stipulation, application, or motion for approval of the Settlement, as follows:

- 6.1. Plaintiff’s Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of the Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Approval Order; (ii) 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 Aggrieved Employee 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 Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel, or Defense Counsel; (iii) a signed declaration from PAGA Counsel firm attesting to 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)); and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their declaration, PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2. Responsibilities of PAGA Counsel: PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the stipulation for approval of the Settlement, and in no event later than 30 days after the full execution of the Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing before the Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court’s order granting approval of the Settlement to the Administrator.
- 6.3. Duty to Cooperate: If the Parties disagree on any aspect of the proposed application or motion for approval of the Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel shall expeditiously work together on behalf of the Parties by meeting and conferring in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of the Settlement or conditions its approval on any material change to the Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the

Parties by meeting and conferring 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 ILYM Group, Inc. to serve as the Administrator and have verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by the Agreement and to perform, as a fiduciary, all duties specified in the Agreement in exchange for payment of the Administration Expenses. The Parties and their respective counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 7.2. Employer Identification Number: The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 7.3. Qualified Settlement Fund: The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under United States Treasury Regulation section 468B-1.
- 7.4. Administrator Duties: The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in the Agreement or otherwise.

8. CONTINUING JURISDICTION OF THE COURT. The Parties agree that, after entry of the Judgment, the Court shall retain jurisdiction over the Parties, the Action, and the Settlement pursuant to California Code of Civil Procedure Section 664.6, solely for purposes of: (i) enforcing the Agreement and/or the Judgment; (ii) addressing settlement administration matters; and (iii) addressing such post-Judgment matters as are permitted by law.

- 8.1. Waiver of Right to Appeal. Provided the Approval Order and/or Judgment is consistent with the terms and conditions of this Agreement, or any executed addendum thereto, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties and their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

9. ADDITIONAL PROVISIONS.

- 9.1. No Admission of Liability or Representative Manageability for Other Purposes: The Agreement represents a compromise and settlement of highly disputed claims. Nothing in the Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint, Action or PAGA Notice have merit or that Defendant has any liability for any claims asserted, nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of the Settlement only. If, for any reason, the Court does not approve the Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's

defenses. The Settlement, the 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 the Agreement).

- 9.2. Integrated Agreement: Upon execution by the Parties and their counsel, the Agreement together with any 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.
- 9.3. Attorney Authorization: PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to the Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of the Agreement, including any amendments to the Agreement.
- 9.4. Cooperation: The Parties and their counsel shall cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things and as may be necessary, modifying the Agreement, submitting supplemental evidence, and/or supplementing points and authorities as may be 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 shall seek the assistance of a mediator and/or the Court for resolution.
- 9.5. No Prior Assignments: The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by any of the Parties to the Agreement.
- 9.6. No Tax Advice: Neither Plaintiff, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in the Agreement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended), or otherwise.
- 9.7. Modification of Agreement: The Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by the Parties or their representatives, and approved by the Court.
- 9.8. Agreement Binding on Successors: The Agreement shall be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 9.9. Applicable Law: All terms and conditions of the Agreement and any exhibits thereto shall be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.
- 9.10. Cooperation in Drafting: The Parties have cooperated in the drafting and preparation of the Agreement. The Agreement shall not be construed against any Party on the basis that the Party was the drafter or participated in the drafting of the Agreement.

- 9.11. Confidentiality: To the extent permitted by law, all agreements made and orders entered during the Action and in the Agreement relating to the confidentiality of information shall survive the execution of the Agreement.
- 9.12. Use and Return of the Aggrieved Employee Data: Information provided to PAGA Counsel pursuant to California Evidence Code Section 1152, and all copies and summaries of the Aggrieved Employee Data provided to PAGA Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and for 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 Administrator discharges its obligations to pay out all settlement funds, Plaintiff shall destroy all paper and electronic versions of the Aggrieved Employee Data received from Defendant unless, prior to the Administrator's payment of all settlement funds, Defendant makes a written request to PAGA Counsel for the return, rather than the destruction, of the Aggrieved Employee Data.
- 9.13. Headings: The descriptive heading of any section or paragraph of the Agreement is inserted for convenience of reference only and does not constitute a part of the Agreement.
- 9.14. Calendar Days: Unless otherwise noted, all reference to "days" in the Agreement shall be to calendar days. In the event any date or deadline set forth in the Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 9.15. Notice: All notices, demands or other communications between the Parties in connection with the Agreement shall be in writing and deemed to have been duly given as of the third business day after mailing by U.S. Mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Arthur Sezgin, Esq.
Alisa Khousadian, Esq.
SEZGIN KHOUSADIAN LLP
500 N. Central Avenue, Suite 830
Glendale, California 91203
Telephone: 818-696-1330

To Defendant:

Elaine Vukadinovich, Esq.
MUSICK, PEELER & GARRETT LLP
333 South Hope Street, Suite 2900
Los Angeles, California 90071
Telephone: 213-629-7907

- 9.16. 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.

- 9.17. Stay of Litigation. The Parties agree that upon the execution of this Agreement, the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to California Code of Civil Procedure Section 583.330 to extend the date to bring a case to trial under CCP Section 583.310 for the entire period of this settlement process.

[signatures on the following page and the remainder of this page intentionally left blank]

IT IS SO AGREED:

Dated: 4/9/2025

Signed by:
Julio Castillo
Plaintiff Julio Castillo

Dated: 04/22/2025

Krista M Haas
Guard-Systems, Inc.

APPROVED AS TO FORM

Dated: 4/9/2025

SEZGIN KHOUSADIAN LLP
DocuSigned by:
Arthur Sezgin
Arthur Sezgin, Esq.
Attorneys for Plaintiff and the Aggrieved Employees

Dated: 04/23/2025

MUSICK, PEELER & GARRETT LLP
Elaine Vukadinovich
Elaine Vukadinovich, Esq.
Attorneys for Defendant Guard-Systems, Inc.

EXHIBIT A

FIRST_NAME>> <<LAST_NAME>>

<<ADDRESS 1>>

<<ADDRESS 2>>

Dear Current or Former Employee of Guard-Systems, Inc.

You have received this notice because Guard-Systems, Inc. ("GSI") records indicate that you have worked for Guard-Systems, Inc. at some time between August 20, 2023 through the PAGA Period end date of [REDACTED] ("the PAGA Period"). The parties to the lawsuit titled *Julio Castillo et. al. v. Guard-Systems, Inc., et al.*, filed in the Superior Court of the State of California for the County of Los Angeles, Case No. 25STCV03183 (the "Action"), have reached a settlement that affects you. Plaintiff Julio Castillo ("Plaintiff"), as a proxy of the State of California and on behalf of current and former non-exempt employees ("PAGA Employees") who worked for GSI during the PAGA Period., filed suit against GSI ("Defendant") for civil penalties under the California Private Attorneys General Act ("PAGA") for alleged Labor Code violations.

Defendant GSI strongly disputes Plaintiffs' allegations and maintains that it has fully complied with all applicable wage and hour laws. The Court has not issued any ruling regarding the merits of the Action. However, to avoid the time and expense associated with further litigation, Plaintiffs and Defendant agreed to settle the case, which settlement has been approved by the Court.

Pursuant to the release approved by the Court, Plaintiff, as proxy for the State of California and on behalf of all PAGA Employees, released the Released Parties from any and all claims, rights, demands, liabilities, and causes of action for civil penalties under PAGA arising between August 20, 2023 through [REDACTED] that were asserted in the Action or that are reasonably related to the facts alleged in the Action, including in the initial complaint in the Action and in Plaintiff's PAGA Notices dated August 20, 2024, November 25, 2024, and March 26, 2025 to Defendant and to the Labor and Workforce Development Agency, including but not limited to alleged violations of California Labor Code sections 201, 202, 203, 204, 226, 226.3, 226.7, 245-249, 246.5, 248.5, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2800, 2802, and the applicable IWC Wage Order. This release only applies to claims for civil penalties under PAGA, and not any other claim or right that you may have.

The Released Parties are Defendant Guard-Systems, Inc., and each of its affiliated or related companies, and its and their former and present accountants, insurers, reinsurers, attorneys, agents, successors, heirs, advisors, employees, directors, officers, members, owners, shareholders, representatives, and consultants.

According to GSI's records, you are a PAGA Employee and are therefore entitled to a share of the settlement. Enclosed is a check representing your share of the settlement. The check shall remain valid for one hundred and eighty (180) days. Checks that are not cashed within 180 calendar days of issuance will be voided and the funds will be distributed to the California State Controller's Unclaimed Property Fund in the name of the employee who did not cash the check. You will not be retaliated against for cashing your check. One hundred percent (100%) of your share of the settlement shall be deemed penalties and reported as miscellaneous income for which an IRS Form 1099 will be issued, if required by law. You shall be solely and legally responsible for paying any and all applicable taxes on your share of the settlement.

The Net Settlement Amount of the PAGA penalties, after administrative costs and attorney's fees, is [REDACTED]. Under the PAGA statutes, penalties are divided between the State of California and PAGA employees, with the State receiving 65% of the penalties. The Labor and Workforce Development Agency of California shall receive [REDACTED] and the PAGA Employees shall receive an estimated payment of \$[REDACTED], distributed on a pro-rata basis based on the respective number of pay periods worked within the PAGA Period. The Settlement

Administrator calculated your individual PAGA payment by (a) dividing the amount of the 35% share of PAGA penalties by the total number of PAGA Pay Periods worked by all PAGA Employees during the PAGA Period and (b) multiplying the result by each PAGA Employee's pay periods worked during the PAGA Period. Please understand that the pay periods were divided by two to represent biweekly instead of weekly pay periods as permitted under Labor Code section 2699(o).

Regardless of what you do with the settlement check, you will have released claims for penalties arising under PAGA as asserted in the Lawsuit.

If you have any questions, please contact:

Settlement Administrator

Name

Address

Telephone

THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION BY THE COURT AS TO THE MERITS OF THE CLAIMS OR DEFENSES BY EITHER SIDE IN THE LAWSUIT. PLEASE DO NOT CONTACT THE COURT OR CLERK REGARDING THE CASE.