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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

JOSHUA KNUDSON, individually, and on
behalf of other members of the general public
similarly situated, and as an aggrieved employee
pursuant to the Private Attorneys General Act
("PAGA"),

Plaintiff,

vs.

AUTOMOTIVE RECOVERY SERVICES,
INC., an Indiana corporation; IAA SERVICES,
INC., an Illinois corporation; INSURANCE
AUTO AUCTIONS, INC., an Illinois
corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: CIVSB2423391

**JOINT STIPULATION OF CLASS ACTION
AND PAGA SETTLEMENT AND RELEASE**

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT AND RELEASE

This Joint Stipulation of Class Action and PAGA Settlement and Release (“Settlement” or “Settlement Agreement”) is made and entered into by and between Plaintiff Joshua Knudson (“Plaintiff” or “Class Representative”), as an individual and on behalf of all others similarly situated, and Defendants Automotive Recovery Services, Inc., IAA Services, Inc., Insurance Auto Auctions, Inc. (“Defendants”) (collectively with Plaintiff, the “Parties”).

DEFINITIONS

The following definitions are applicable to this Settlement Agreement. Definitions contained elsewhere in this Settlement Agreement will also be effective:

1. “Action” means *Knudson v. Automotive Recovery Services, Inc.*, No. CIVSB2423391 (San Bernardino County Superior Court).

2. “Attorneys’ Fees and Costs” means attorneys’ fees agreed upon by the Parties and approved by the Court for Class Counsel’s litigation and resolution of the Action, and all out-of-pocket costs incurred and to be incurred by Class Counsel in the Action, including but not limited to expert/consultant fees, investigation costs, and costs associated with documenting the Settlement, providing any notices required as part of the Settlement or Court order, securing the Court’s approval of the Settlement, administering the Settlement, and obtaining entry of a Judgment terminating the Action. Class Counsel will request attorneys’ fees not to exceed one-third (1/3) of the Gross Settlement Amount, or One Hundred Fifty-Six Thousand Six Hundred Sixty-Seven Dollars (\$156,667). The Attorneys’ Fees and Costs will also mean and include the additional reimbursement of any costs and expenses associated with Class Counsel’s litigation and settlement of the Action, up to Twenty-Five Thousand Dollars (\$25,000), subject to the Court’s approval. Defendants have agreed not to oppose Class Counsel’s request for fees and reimbursement of costs as set forth above.

3. “Class Counsel” means Capstone Law APC.

4. “Class List” means a complete list of all Class Members that Defendants will diligently and in good faith compile from their records and provide to the Settlement Administrator within twenty (20) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in Microsoft Office Excel and will include each Class Member’s full name; most recent mailing address

1 and telephone number; Social Security Number; dates of employment; the respective number of
2 Workweeks that each Class Member worked during the Class Period and PAGA Period; and any other
3 relevant information needed to calculate settlement payments.

4 5. “Class Member(s)” or “Settlement Class” means all current and former hourly, non-
5 exempt employees who worked for Automotive Recovery Services, Inc. in the State of California at any
6 time during the Class Period.

7 6. “Class Notice” means the Notice of Class Action Settlement, substantially in the form
8 attached as Exhibit A.

9 7. “Class Period” means the period from July 19, 2020 through November 18, 2025.

10 8. “Class Representative Enhancement Payment” means the amount to be paid to Plaintiff
11 in recognition of his effort and work in prosecuting the Action on behalf of Class Members, and for his
12 general release of claims. Subject to the Court granting final approval of this Settlement Agreement and
13 subject to the exhaustion of any and all appeals, Plaintiff will request Court approval of a Class
14 Representative Enhancement Payment of up to Ten Thousand Dollars (\$10,000).

15 9. “Court” means the San Bernardino County Superior Court.

16 10. “Defendants” means Defendants Automotive Recovery Services, Inc., IAA Services,
17 Inc., Insurance Auto Auctions, Inc.

18 11. “Effective Date” means the later of: (a) if no timely objections are filed, or are
19 withdrawn prior to Final Approval, then the date of Final Approval; or (b) if a Class Member files an
20 objection to the Settlement, the Effective Date shall be the sixty-first (61st) calendar day after the date of
21 Final Approval, provided no appeal is initiated by an objector; or (c) if a timely appeal is initiated by an
22 objector, then the Effective Date will be the date of final resolution of that appeal (including any requests
23 for rehearing and/or petitions for certiorari), resulting in final judicial approval of the Settlement.

24 12. “Final Approval” means the date on which the Court enters an order granting final
25 approval of the Settlement Agreement.

26 13. “Gross Settlement Amount” means the Gross Settlement Amount of Four Hundred
27 Seventy Thousand Dollars (\$470,000), to be paid by Defendants in full satisfaction of all Released Class
28 Claims and Released PAGA Claims, which includes all Individual Settlement Payments, Attorneys’

1 Fees and Costs, the Class Representative Enhancement Payment, the PAGA Settlement Amount, and
2 Settlement Administration Costs. This Gross Settlement Amount has been agreed to by Plaintiff and
3 Defendants based on the aggregation of the agreed-upon settlement value of individual claims. In no
4 event will Defendants be liable for more than the Gross Settlement Amount except as otherwise
5 explicitly set forth herein. There will be no reversion of the Gross Settlement Amount to Defendants.
6 Defendants will be separately responsible for any employer payroll taxes required by law, including the
7 employer FICA, FUTA, and SDI contributions, which shall not be paid from the Gross Settlement
8 Amount.

9 14. "Individual Settlement Payment" means each Participating Class Member's and PAGA
10 Member's respective shares of the Net Settlement Fund and PAGA Fund.

11 15. "Net Settlement Fund" means the portion of the Gross Settlement Amount remaining
12 after deducting the Attorneys' Fees and Costs, the Class Representative Enhancement Payment, the
13 PAGA Settlement Amount, and Settlement Administration Costs. The Net Settlement Fund will be
14 distributed to Participating Class Members. There will be no reversion of the Net Settlement Fund to
15 Defendants.

16 16. "Notice of Objection" means a Class Member's valid and timely written objection to the
17 Settlement Agreement. For the Notice of Objection to be valid, it must include: (a) the objector's full
18 name, signature, address, and telephone number, (b) a written statement of all grounds for the objection
19 accompanied by any legal support for such objection; (c) copies of any papers, briefs, or other
20 documents upon which the objection is based; and (d) a statement whether the objector intends to appear
21 at the final fairness hearing.

22 17. "PAGA Members" means all current and former hourly, non-exempt employees who
23 worked for Automotive Recovery Services, Inc. in the State of California at any time during the PAGA
24 Period.

25 18. "PAGA Period" means the period from August 9, 2023 through November 18, 2025.

26 19. "PAGA Settlement Amount" means the amount that the Parties have agreed to pay to
27 the Labor and Workforce Development Agency ("LWDA") and PAGA Members in connection with
28 Plaintiff's claim under the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698,

1 *et seq.*, “PAGA”) (“PAGA Settlement”). The Parties have agreed that Thirty Thousand Dollars
2 (\$30,000) of the Gross Settlement Amount will be allocated to the PAGA Settlement. Pursuant to
3 PAGA, Sixty-Five Percent (65%), or Nineteen Thousand Five Hundred Dollars (\$19,500), of the PAGA
4 Settlement Amount will be paid to the California Labor and Workforce Development Agency (“Labor
5 and Workforce Development Agency Payment”), and Thirty-Five Percent (35%), or Ten Thousand Five
6 Hundred Dollars (\$10,500) (“PAGA Fund”), of the PAGA Settlement will be disbursed to PAGA
7 Members, and regardless whether they request to be excluded from the Settlement Class.

8 20. “Parties” means Plaintiff and Defendants collectively.

9 21. “Participating Class Members” means all Class Members who do not submit timely and
10 valid Requests for Exclusion.

11 22. “Plaintiff” means Plaintiff Joshua Knudson.

12 23. “Preliminary Approval” means the date on which the Court enters an order granting
13 preliminary approval of the Settlement Agreement.

14 24. “Released Class Claims” means all claims, rights, demands, liabilities, and causes of
15 action that are alleged in the operative Complaint, or which could have been alleged by reason of, or in
16 connection with, any matter or fact set forth or referred to in the operative Complaint, including claims
17 for violation of: (1) Cal. Lab. Code §§ 510 and 1198 (unpaid overtime); (2) Cal. Lab. Code §§ 1182.12,
18 1194, 1197, 1197.1, and 1198 (unpaid minimum wages); (3) Cal. Lab. Code §§ 226.7, 512(a), 516, and
19 1198 (failure to provide meal periods); (4) Cal. Lab. Code §§ 226.7, 516, and 1198 (failure to authorize
20 and permit rest periods); (5) Cal. Lab. Code §§ 226(a), 1174(d), and 1198 (non-compliant wage
21 statements and failure to maintain payroll records); (6) Cal. Lab. Code §§ 201 and 202 (wages not timely
22 paid upon termination); (7) Cal. Lab. Code § 204 (failure to timely pay wages during employment); (8)
23 Violation of Labor Code § 1198 and California Code of Regulations, Title 8, Section 11040 Subdivision
24 5(a) (failure to provide reporting time pay); (9) Cal. Lab. Code § 2802 (unreimbursed business
25 expenses); (10) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unlawful business practices); and (11) Cal.
26 Bus. & Prof. Code §§ 17200, *et seq.* (unfair business practices).

27 25. “Released PAGA Claims” means all claims for civil penalties under California Labor
28 Code §§ 2698, *et seq.*, that were alleged or could reasonably have been alleged based on the same facts

1 alleged in Plaintiff's LWDA letter during the PAGA Period.

2 26. "Released Parties" means Defendants, their past or present officers, directors,
3 shareholders, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and
4 reinsurers, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and
5 attorneys, if any.

6 27. "Request for Exclusion" means a timely letter submitted by a Class Member indicating a
7 request to be excluded from the Settlement Class. The Request for Exclusion must: (a) set forth the
8 name, address, telephone number and last four digits of the Social Security Number of the Class
9 Member requesting exclusion; (b) be signed by the Class Member; (c) be returned to the Settlement
10 Administrator; (d) clearly state that the Class Member does not wish to be included in the Settlement;
11 and (e) be faxed or postmarked on or before the Response Deadline.

12 28. "Response Deadline" means the deadline by which Class Members must postmark or
13 fax to the Settlement Administrator Requests for Exclusion, postmark or fax disputes concerning the
14 calculation of Individual Settlement Payments, or postmark Notices of Objection to the Settlement
15 Administrator. The Response Deadline will be forty-five (45) calendar days from the initial mailing of
16 the Class Notice by the Settlement Administrator, unless the forty-fifth (45th) calendar day falls on a
17 Sunday or State holiday, in which case the Response Deadline will be extended to the next day on which
18 the U.S. Postal Service is open.

19 29. "Settlement Administration Costs" means the costs payable from the Gross Settlement
20 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,
21 printing, distributing, and tracking documents for this Settlement, tax reporting, distributing the Gross
22 Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The
23 Settlement Administration Costs will be paid from the Gross Settlement Amount, including, if necessary,
24 any such costs exceeding the amount represented by the Settlement Administrator as being the
25 maximum costs necessary to administer the Settlement. Based on an estimated Settlement Class of
26 approximately Two Hundred and Six (206) Class Members, the Settlement Administration Costs are
27 currently estimated to be Ten Thousand Dollars (\$10,000).

28 30. "Settlement Administrator" means CPT Group, Inc., or any other third-party class action

1 settlement administrator agreed to by the Parties and approved by the Court for the purposes of
2 administering this Settlement. The Parties each represent that they do not have any financial interest in
3 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that
4 could create a conflict of interest.

5 31. “Workweeks” means the number of days of employment for each Class Member during
6 the Class Period, subtracting days on leave of absence (if any), dividing by seven (7), and rounding up to
7 the nearest whole number. All Class Members will be credited with at least one Workweek during the
8 Class Period, and all PAGA Members will be credited with at least one Workweek during the PAGA
9 Period.

10 **TERMS OF AGREEMENT**

11 Subject to Court approval, the Plaintiff, on behalf of himself and the Settlement Class, and
12 Defendants agree as follows:

13 32. Funding of the Gross Settlement Amount. Defendants will make a one-time deposit of
14 the Gross Settlement Amount of Four Hundred Seventy Thousand Dollars (\$470,000) into a Qualified
15 Settlement Account to be established by the Settlement Administrator. Defendants will pay the
16 employer’s share of payroll taxes separately. After the Effective Date, the Gross Settlement Amount will
17 be used for: (a) Individual Settlement Payments; (b) the Labor and Workforce Development Agency
18 Payment; (c) the Class Representative Enhancement Payment; (d) Attorneys’ Fees and Costs; and (e)
19 Settlement Administration Costs. Defendants will deposit the Gross Settlement Amount and the
20 employer’s share of payroll taxes within thirty (30) calendar days of the Effective Date (“Funding
21 Date”).

22 33. Attorneys’ Fees and Costs. Defendants agree not to oppose or impede any application or
23 motion for attorneys’ fees and costs by Class Counsel for Attorneys’ Fees and Costs of not more than
24 One Hundred Fifty-Six Thousand Six Hundred Sixty-Seven Dollars (\$156,667), plus the reimbursement
25 of all out-of-pocket costs and expenses associated with Class Counsel’s litigation and settlement of the
26 Action (including expert/consultant fees, mediation fees, investigations costs, etc.), not to exceed
27 Twenty-Five Thousand Dollars (\$25,000), both of which will be paid from the Gross Settlement
28 Amount.

1 34. Class Representative Enhancement Payment. In exchange for a general release, and in
2 recognition of his effort and work in prosecuting the Action on behalf of Class Members, Defendants
3 agree not to oppose or impede any application or motion for a Class Representative Enhancement
4 Payment of up to Ten Thousand Dollars (\$10,000). The Class Representative Enhancement Payment
5 will be paid from the Gross Settlement Amount and will be in addition to Plaintiff's Individual
6 Settlement Payment paid pursuant to the Settlement. Plaintiff will be solely and legally responsible to
7 pay any and all applicable taxes on the Class Representative Enhancement Payment. Plaintiff
8 understands and agrees that this Settlement Agreement shall remain in full force and effect even if the
9 full amount of Class Representative Enhancement Payment sought by Plaintiff is not ultimately awarded
10 by the Court.

11 35. Settlement Administration Costs. The Settlement Administrator will be paid for the
12 reasonable costs of administration of the Settlement and distribution of payments from the Gross
13 Settlement Amount, which is currently estimated to be Ten Thousand Dollars (\$10,000). These costs,
14 which will be paid from the Gross Settlement Amount, will include, *inter alia*, the required tax reporting
15 on the Individual Settlement Payments, the issuing of 1099 and W-2 IRS Forms, distributing Class
16 Notices, calculating and distributing the Gross Settlement Amount, and providing necessary reports and
17 declarations.

18 36. PAGA Settlement Amount. Subject to Court approval, the Parties agree that the amount
19 of Thirty Thousand Dollars (\$30,000) from the Gross Settlement Amount will be designated for
20 satisfaction of Plaintiff's PAGA claim. Pursuant to PAGA, Sixty-Five Percent (65%), or Nineteen
21 Thousand Five Hundred Dollars (\$19,500), of this sum will be paid to the LWDA and Thirty-Five
22 Percent (35%), or Ten Thousand Five Hundred Dollars (\$10,500), will be paid to PAGA Members in
23 proportion to the number of Workweeks worked during the PAGA Period.

24 37. No Right to Exclusion or Objections to the PAGA Settlement. Because this settlement
25 resolves claims and actions brought pursuant to PAGA by Plaintiff acting as a proxy and as a Private
26 Attorney General of, and for, the State of California and the LWDA, the Parties agree that no PAGA
27 Member has the right to exclude himself or herself from the release of the Released PAGA Claims, and
28 all PAGA Members will receive their share of the PAGA Fund. The Parties also agree that no PAGA

Member has the right to object to the PAGA Settlement Amount.

38. Net Settlement Fund. The entire Net Settlement Fund will be distributed to Participating Class Members. No portion of the Net Settlement Fund will revert to or be retained by Defendants.

39. PAGA Fund. The entire PAGA Fund will be distributed to all PAGA Members. No portion of the PAGA Fund will revert to or be retained by Defendants.

40. Individual Settlement Payment Calculations. Individual Settlement Payments will be calculated and apportioned from the Net Settlement Fund and PAGA Fund based on the number of Workweeks a Class Member worked during the Class Period and PAGA Period. Specific calculations of Individual Settlement Payments will be made as follows:

40(a) Payments from the Net Settlement Fund. Defendants will calculate the total number of Workweeks worked by each Class Member during the Class Period and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated "Individual Settlement Payment" from the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the "Workweek Value." Each Class Member's "Individual Settlement Payment" will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Participating Class Member as specifically set forth herein, including employee-side tax withholdings or deductions. The entire Net Settlement Fund will be disbursed to all Class Members who do not submit timely and valid Requests for Exclusion. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase the Individual Settlement Payment for each Participating Class Member according to the number of Workweeks worked, so that the amount actually distributed to the

Settlement Class equals 100% of the Net Settlement Fund.

40(b) Payments from the PAGA Fund. Defendants will calculate the total number of Workweeks worked by each PAGA Member during the PAGA Period and the aggregate total number of Workweeks worked by all PAGA Members during the PAGA Period. To determine each PAGA Member's estimated "Individual Settlement Payment," the Settlement Administrator will use the following formula: The PAGA Fund will be divided by the aggregate total number of Workweeks during the PAGA Period, resulting in the "PAGA Workweek Value." Each PAGA Member's "Individual Settlement Payment" will be calculated by multiplying each individual PAGA Member's total number of Workweeks by the PAGA Workweek Value. The entire PAGA Fund will be disbursed to all PAGA Members.

41. No Credit Toward Benefit Plans. The Individual Settlement Payments made to Participating Class Members under this Settlement, as well as any other payments made pursuant to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans.

42. Administration Process. The Parties agree to cooperate in the administration of the settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in administration of the Settlement.

43. Delivery of the Class List. Within twenty (20) calendar days of Preliminary Approval, Defendants will provide the Class List to the Settlement Administrator.

44. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the Class List from Defendants, the Settlement Administrator will mail a Class Notice to all Class Members via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class List.

1 45. Confirmation of Updated Contact Information in the Class Lists. Prior to mailing, the
2 Settlement Administrator will perform a search based on the National Change of Address Database for
3 information to update and correct for any known or identifiable address changes. Any Class Notices
4 returned to the Settlement Administrator as non-deliverable on or before the Response Deadline will,
5 within five (5) business days of receipt, be sent promptly via regular First-Class U.S. Mail to the
6 forwarding address affixed thereto and the Settlement Administrator will indicate the date of such re-
7 mailing on the Class Notice. If no forwarding address is provided, the Settlement Administrator will
8 promptly attempt to determine the correct address using a skip-trace, or other search using the name,
9 address and/or Social Security Number of the Class Member involved, and will then perform a single re-
10 mailing. Those Class Members who receive a re-mailed Class Notice, whether by skip-trace or by
11 request, will have either (a) an additional fifteen (15) calendar days or (b) until the Response Deadline,
12 whichever is later, to submit a Request for Exclusion or an objection to the Settlement.

13 46. Class Notices. All Class Members will be mailed a Class Notice. Each Class Notice will
14 provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's principal
15 terms; (c) the Settlement Class and PAGA Member definitions; (d) the total number of Workweeks each
16 respective Class Member and PAGA Member worked for Defendants during the Class Period and
17 PAGA Period; (e) each Class Member's and PAGA Member's estimated Individual Settlement Payment
18 and the formula for calculating Individual Settlement Payments; (f) the dates which comprise the Class
19 Period and PAGA Period; (g) instructions on how to submit Requests for Exclusion or Notices of
20 Objection; (h) the deadlines by which the Class Member must postmark or fax Request for Exclusions,
21 or postmark Notices of Objection to the Settlement; and (i) the claims to be released.

22 47. Disputed Information on Class Notices. Class Members will have an opportunity to
23 dispute the information provided in their Class Notices. To the extent Class Members dispute their
24 employment dates or the number of Workweeks on record, Class Members may produce evidence to the
25 Settlement Administrator showing that such information is inaccurate. Defendants' records will be
26 presumed correct, but the Settlement Administrator shall contact the Parties regarding the dispute and the
27 Parties will work in good faith to resolve it. All disputes must be submitted by the Response Deadline,
28 and will be decided within ten (10) business days after the Response Deadline.

1 48. Defective Submissions. If a Class Member's Request for Exclusion is defective as to the
2 requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The
3 Settlement Administrator will mail the Class Member a cure letter within three (3) business days of
4 receiving the defective submission to advise the Class Member that his/her/their submission is defective
5 and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have
6 until (a) the Response Deadline or (b) fifteen (15) calendar days from the date of the cure letter,
7 whichever date is later, to postmark or fax a revised Request for Exclusion. If the revised Request for
8 Exclusion is not postmarked or received by fax within that period, it will be deemed untimely.

9 49. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the
10 Settlement Agreement must sign and fax or postmark a written Request for Exclusion to the Settlement
11 Administrator within the Response Deadline. In the case of Requests for Exclusion that are mailed to the
12 Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request
13 for Exclusion has been timely submitted.

14 50. Escalator. Defendants represent that as of November 18, 2025, Class Members worked
15 an aggregate total of approximately Seventeen Thousand Three Hundred (17,300) Workweeks during
16 the Class Period. If the actual aggregate total of Workweeks worked during the Class Period is greater
17 than Ten Percent (10%) of this estimate, then Defendants must either: (a) increase the Gross Settlement
18 Amount proportionately for each Workweek above the Ten Percent (10%) allowance (e.g., if the total
19 number of Workweeks increases by 11%, the Gross Settlement Amount will increase by 1%); or (b)
20 advance the end date of the Class Period and PAGA Period to the last date on which the total number of
21 Workweeks worked by Class Members in aggregate during the Class Period is no greater than Nineteen
22 Thousand Thirty (19,030).

23 51. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member
24 who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid
25 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Class
26 Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the
27 Settlement.

28 52. Releases by Participating Class Members. Upon the Funding Date, and except as to such

1 rights or claims as may be created by this Settlement Agreement, each Participating Class Member,
2 together and individually, on their behalf and on behalf of their respective heirs, executors,
3 administrators, agents, and attorneys, shall fully and forever release and discharge all of the Released
4 Parties, or any of them, from each of the Released Class Claims arising during the Class Period.

5 53. Releases by PAGA Members. Upon the Funding Date, and except as to such rights or
6 claims as may be created by this Settlement Agreement, each PAGA Member, together and individually,
7 on their behalf and on behalf of their respective heirs, executors, administrators, agents, and attorneys,
8 shall fully and forever release and discharge all of the Released Parties, or any of them, from each of the
9 Released PAGA Claims during the PAGA Period.

10 54. Defendants' Right to Rescind. Defendants will have the right, in their sole discretion, to
11 void and withdraw from the Settlement if the Class Members who timely submit valid Requests for
12 Exclusion collectively account for more than Ten Percent (10%) of the total Workweeks worked by all
13 Class Members during the Class Period. Defendants must exercise any such right of rescission by
14 providing written notice to Class Counsel within fourteen (14) calendar days after the Response
15 Deadline. In the event Defendants elect to rescind the Settlement, Defendants shall be solely responsible
16 for all Settlement Administration Costs incurred through the date of rescission.

17 55. Objection Procedures. To object to the Settlement Agreement, a Class Member may
18 either postmark or submit via fax a valid Notice of Objection to the Settlement Administrator on or
19 before the Response Deadline, or appear in person at the Final Approval Hearing. Class Members who
20 fail to object either by submitting a valid Notice of Objection or appearing in person at the Final
21 Approval Hearing will be deemed to have waived all objections to the Settlement and will be foreclosed
22 from making any objections, whether by appeal or otherwise, to the Settlement Agreement. At no time
23 will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit
24 written objections to the Settlement Agreement or appeal from the final approval order and judgment.
25 Class Counsel will not represent any Class Members with respect to any such objections to this
26 Settlement. If a Class Member timely submits both a Notice of Objection and a Request for Exclusion,
27 the Request for Exclusion will be given effect and considered valid, the Notice of Objection shall be
28 rejected, and the Class Member shall not participate in or be bound by the Settlement.

1 56. Certification Reports Regarding Individual Settlement Payment Calculations. The
2 Settlement Administrator will provide Defendants' counsel and Class Counsel a weekly report that
3 certifies the number of Class Members who have submitted valid Requests for Exclusion or objections to
4 the Settlement, and promptly report whether any Class Member has submitted a challenge to any
5 information contained in their Class Notice, including those received after the Response Deadline.
6 Additionally, the Settlement Administrator will promptly provide to counsel for both Parties any updated
7 reports regarding the administration of the Settlement Agreement as needed or requested.

8 57. Distribution Timing of Individual Settlement Payments. Within ten (10) calendar days
9 of the Funding Date, the Settlement Administrator will issue payments to: (a) Participating Class
10 Members and PAGA Members; (b) the Labor and Workforce Development Agency; (c) Plaintiff; and
11 (d) Class Counsel. The Settlement Administrator will also issue a payment to itself for Court-approved
12 services performed in connection with the Settlement.

13 58. Un-cashed Settlement Checks. Proceeds represented by Individual Settlement Payment
14 checks returned as undeliverable and Individual Settlement Payment checks remaining un-cashed for
15 more than one hundred and eighty (180) calendar days after issuance will be tendered pursuant to Code
16 of Civil Procedure section 384 to Working Wardrobes. The Parties do not have a connection to or a
17 relationship with Working Wardrobes that could reasonably create the appearance of impropriety as
18 between the selection of Working Wardrobes as the recipient of the unclaimed residuals and the interests
19 of the class.

20 59. Certification of Completion. Upon completion of administration of the Settlement, the
21 Settlement Administrator will provide a written declaration under oath to certify such completion to the
22 Court and counsel for all Parties.

23 60. Treatment of Individual Settlement Payments. All payments to Participating Class
24 Members from the Net Settlement Fund will be allocated as follows: (a) Twenty-Five Percent (25%) of
25 each payment will be allocated as wages for which IRS Forms W-2 will be issued; and (b) Seventy-Five
26 Percent (75%) will be allocated as non-wages for which IRS Forms 1099-MISC will be issued.
27 Payments issued to PAGA Members from the PAGA Fund will be treated as non-wages for which IRS
28 Forms 1099-MISC will be issued.

1 61. Administration of Taxes by the Settlement Administrator. The Settlement Administrator
2 will be responsible for issuing to Plaintiff, Participating Class Members, PAGA Members, and Class
3 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
4 this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes
5 and penalties to the appropriate government authorities.

6 62. Tax Liability. The Parties make no representation as to the tax treatment or legal effect
7 of the payments called for hereunder, and Plaintiff, Participating Class Members, and PAGA Members
8 are not relying on any statement, representation, or calculation by Plaintiff, Class Counsel, Defendants or
9 by the Settlement Administrator in this regard.

10 63. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES
11 OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS
12 AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”)
13 ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND
14 NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES
15 OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR
16 WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED
17 OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES
18 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE
19 ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS
20 OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX
21 ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS
22 AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY
23 ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY
24 UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO
25 ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
26 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER
27 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF
28 ANY SUCH ATTORNEY’S OR ADVISER’S TAX STRATEGIES (REGARDLESS OF WHETHER

1 SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE
2 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY
3 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
4 AGREEMENT.

5 64. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
6 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
7 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of
8 action or right herein released and discharged.

9 65. Nullification of Settlement Agreement. In the event that: (a) the Court does not finally
10 approve the Settlement as provided herein; or (b) the Settlement does not become final for any other
11 reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null
12 and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will
13 likewise be treated as void from the beginning.

14 66. Preliminary Approval Hearing. Plaintiff will obtain a hearing before the Court to request
15 the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval Order
16 for: (a) conditional certification of the Settlement Class for settlement purposes only, (b) preliminary
17 approval of the proposed Settlement Agreement, (c) setting a date for a final fairness hearing. The
18 Preliminary Approval Order will provide for the Class Notice to be sent to all Class Members as
19 specified herein. In conjunction with the Preliminary Approval hearing, Plaintiff will submit to the Court
20 this Settlement Agreement, which sets forth the terms of this Settlement, and will include the proposed
21 Notice of Class Action Settlement, attached as Exhibit A. Class Counsel will be responsible for drafting
22 all documents necessary to obtain preliminary approval.

23 67. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
24 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the
25 Court's permission, a final fairness hearing will be conducted to determine the Final Approval of the
26 Settlement Agreement along with the amounts properly payable for: (a) Attorneys' Fees and Costs; (b)
27 the Class Representative Enhancement Payment; (c) Individual Settlement Payments; (d) the Labor and
28 Workforce Development Agency Payment; (e) all Settlement Administration Costs. Class Counsel will

1 be responsible for drafting all documents necessary to obtain final approval. Class Counsel will also be
2 responsible for drafting the attorneys' fees and costs application to be heard at the final approval hearing.

3 68. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the
4 Court or after the final fairness hearing, the Parties will present the Judgment to the Court for its
5 approval. After entry of the Judgment, the Court will have continuing jurisdiction under California Code
6 of Civil Procedure section 664.6 solely for purposes of addressing: (a) the interpretation and enforcement
7 of the terms of the Settlement, (b) Settlement administration matters, and (c) such post-Judgment matters
8 as may be appropriate under court rules or as set forth in this Settlement Agreement. A copy of the
9 Judgment will be posted to the Settlement Administrator's website.

10 69. Release by Plaintiff. Upon the Funding Date, in addition to the claims being released by
11 all Participating Class Members, Plaintiff will release and forever discharge the Released Parties, to the
12 fullest extent permitted by law, of and from any and all claims, known and unknown, asserted and not
13 asserted, which Plaintiff has or may have against the Released Parties as of the date of execution of this
14 Settlement Agreement, except for Plaintiff's workers' compensation case number ADJ18954118. To the
15 extent the foregoing release is a release to which Section 1542 of the California Civil Code or similar
16 provisions of other applicable law may apply, Plaintiff expressly waives any and all rights and benefits
17 conferred upon him by the provisions of Section 1542 of the California Civil Code or similar provisions
18 of applicable law which are as follows:

19 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
20 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO
21 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE
22 AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
23 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED
24 PARTY.

25 70. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the
26 terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth
27 herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

28 71. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the

1 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements
2 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code Section
3 1625 and California Code of Civil Procedure Section 1856(a), which provide that a written agreement is
4 to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and
5 the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or
6 contradict the terms of this Settlement Agreement.

7 72. Amendment or Modification. No amendment, change, or modification to this Settlement
8 Agreement will be valid unless in writing and signed, either by the Parties or their counsel, and approved
9 by the Court.

10 73. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and
11 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
12 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
13 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
14 effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each
15 other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to
16 reach agreement on the form or content of any document needed to implement the Settlement, or on any
17 supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties
18 may seek the assistance of the Court to resolve such disagreement.

19 74. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
20 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

21 75. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto
22 will be governed by and interpreted according to the laws of the State of California.

23 76. Execution and Counterparts. This Settlement Agreement is subject only to the execution
24 of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All
25 executed counterparts and each of them, including electronic (e.g., DocuSign), facsimile, and scanned
26 copies of the signature page, will be deemed to be one and the same instrument.

27 77. Acknowledgment that the Settlement is Fair and Reasonable. The Parties believe this
28 Settlement Agreement is a fair, adequate and reasonable settlement of the Action and have arrived at this

1 Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account
2 all relevant factors, present and potential. The Parties further acknowledge that they are each represented
3 by competent counsel and that they have had an opportunity to consult with their counsel regarding the
4 fairness and reasonableness of this Settlement.

5 78. Invalidity of Any Provision. Before declaring any provision of this Settlement
6 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent
7 possible consistent with applicable precedents so as to define all provisions of this Settlement Agreement
8 valid and enforceable.

9 79. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class
10 certification for purposes of this Settlement only; except, however, that Plaintiff or Class Counsel may
11 appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court,
12 and either party may appeal any court order that materially alters the Settlement Agreement's terms.

13 80. Class Action Certification for Settlement Purposes Only. The Parties agree to stipulate to
14 class action certification for purposes of the Settlement only. If, for any reason, the Settlement is not
15 approved, the stipulation to certification will be void. The Parties further agree that certification for
16 purposes of the Settlement is not an admission that class action certification is proper under the standards
17 applied to contested certification motions and that this Settlement Agreement will not be admissible in
18 this or any other proceeding as evidence that either (a) a class action should be certified or (b) Defendants
19 are liable to Plaintiff or any Class Member, other than according to the Settlement's terms.

20 81. Non-Admission of Liability. The Parties enter into this Settlement to resolve the dispute
21 that has arisen between them and to avoid the burden, expense and risk of continued litigation. In
22 entering into this Settlement, Defendants do not admit, and specifically deny, that they violated any
23 federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or
24 any other applicable laws, regulations or legal requirements; breached any contract; violated or breached
25 any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with
26 respect to their employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any
27 of the negotiations connected with it, will be construed as an admission or concession by Defendants of
28 any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to

1 enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be
2 offered or received as evidence in any action or proceeding to establish any liability or admission on the
3 part of Defendants or to establish the existence of any condition constituting a violation of, or a non-
4 compliance with, federal, state, local or other applicable law.

5 82. No Public Comment: Prior to Preliminary Approval, the Parties and their counsel agree
6 that they will not issue any press releases, initiate any contact with the press, respond to any press
7 inquiry, or have any communication with the press about the fact, amount or terms of the Settlement.

8 83. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement
9 or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or
10 constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

11 84. Enforcement Actions. In the event that one or more of the Parties institutes any legal
12 action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement
13 or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be
14 entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including
15 expert witness fees incurred in connection with any enforcement actions.

16 85. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
17 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed
18 more strictly against one party than another merely by virtue of the fact that it may have been prepared
19 by counsel for one of the Parties, it being recognized that, because of the arms'-length negotiations
20 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

21 86. Representation By Counsel. The Parties acknowledge that they have been represented
22 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
23 that this Settlement Agreement has been executed with the consent and advice of counsel. Further,
24 Plaintiff and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

25 87. All Terms Subject to Final Court Approval. All amounts and procedures described in
26 this Settlement Agreement herein will be subject to final Court approval.

27 88. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good
28 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this

Settlement Agreement.

89. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 4/27/2026

DocuSigned by:

 F2D3CC97B4E6416...
 Joshua Knudson

DEFENDANTS AUTOMOTIVE RECOVERY SERVICES, INC., IAA SERVICES, INC., INSURANCE AUTO AUCTIONS, INC.

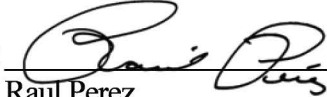
Dated: _____

 Diana Wolrige
 Senior Counsel and authorized representative

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: 4/27/2026

By: 
 Raul Perez
 Attorneys for Plaintiff Joshua Knudson

DORSEY & WHITNEY, LLP

Dated: _____

By: _____
 Nisha Verma
 Attorneys for Defendants Automotive Recovery Services, Inc., IAA Services, Inc., Insurance Auto Auctions, Inc.

Settlement Agreement.

89. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: _____

Joshua Knudson

**DEFENDANTS AUTOMOTIVE RECOVERY
SERVICES, INC., IAA SERVICES, INC.,
INSURANCE AUTO AUCTIONS, INC.**

Dated: April 22, 2026

Signed by:



F4755E727679435...
Diana Wolrige

Senior Counsel and authorized representative

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: _____

By: _____

Raul Perez

Attorneys for Plaintiff Joshua Knudson

DORSEY & WHITNEY, LLP

Dated: April 22, 2026

By:  _____

Nisha Verma

Attorneys for Defendants Automotive Recovery
Services, Inc., IAA Services, Inc., Insurance Auto
Auctions, Inc.

Exhibit A

Knudson v. Automotive Recovery Services, Inc., No. CIVSB2423391
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF SAN BERNARDINO
NOTICE OF CLASS ACTION SETTLEMENT

You are not being sued. This notice affects your rights. Please read it carefully

Si desea una traducción al Español de este Aviso, por favor llame al administrador al ***--*******

To: All current and former hourly, non-exempt employees who worked for Automotive Recovery Services, Inc. in the State of California at any time during the period from July 19, 2020 through November 18, 2025 (“Class Members”).

All current and former hourly, non-exempt employees who worked for Automotive Recovery Services, Inc. in the State of California at any time during the period from August 9, 2023 through November 18, 2025 (“PAGA Members”).

On _____, the Honorable Winston Keh of the San Bernardino County Superior Court granted preliminary approval of this class action settlement and ordered the litigants to notify all Class Members of the settlement. **You have received this notice because Defendants’ records indicate that you are a Class Member, and therefore entitled to a payment from the settlement.**

Unless you choose to opt out of the settlement by following the procedures described below, you will be deemed a Class Member and, if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement fund. The Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement will be held at :00 _m. on _____, 2027 in Department S37 of the San Bernardino County Superior Court located at 247 West Third Street, San Bernardino, California 92415.

Please also note that the Final Approval Hearing may be rescheduled by the Court to another date and/or time. Please visit [settlement website] for any scheduling changes.

If you move, you must send the Settlement Administrator your new address; otherwise, you may never receive your settlement payment. It is your responsibility to keep a current address on file with the Settlement Administrator.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don’t Have to Do Anything to Participate in the Settlement	If you do nothing, you will be deemed a “Participating Class Member,” and will be eligible for a payment from the Net Settlement Fund and, if you are also a PAGA Member, the PAGA Fund. In exchange, you will be bound by the terms of the proposed Settlement and give up your right to assert wage and hour claims against Defendants based on the same facts alleged in the Action during the Class Period.
You Can Opt-out of the Class Settlement but not the PAGA Settlement	If you don’t want to participate in the proposed class settlement, you can opt-out of the class settlement by sending the Settlement Administrator a written Request for Exclusion. Once excluded, you will no longer be eligible for a payment from the Net Settlement Fund and will not be bound by the terms of the proposed class settlement.
The Opt-out Deadline is [DATE]	You cannot opt-out of the PAGA portion of the proposed Settlement. PAGA Members remain eligible to receive a payment from the PAGA Fund and must give up their rights to pursue PAGA penalty claims against Defendants based on the facts alleged in the Action during the PAGA Period.

Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by [DATE]	All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed class settlement, but not the PAGA settlement.
You Can Participate in the [DATE] Final Approval Hearing	The Court’s Final Approval Hearing is scheduled to take place on [DATE] in Department S37 of the San Bernardino County Superior Court located at 247 West Third Street, San Bernardino, California 92415. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. If the Court grants final approval of the Settlement despite your objection, you will receive a payment from the Net Settlement Fund and you will be bound by the terms of the Settlement and Release.

Summary of the Litigation

Plaintiff Joshua Knudson, on his behalf and on behalf of other current and former non-exempt employees, alleges that Defendants Automotive Recovery Services, Inc., IAA Services, Inc., Insurance Auto Auctions, Inc. (“Defendants”) (collectively with Plaintiff, the “Parties”) violated California state labor laws as a result of their alleged failure to, among other things: (1) pay minimum and overtime wages to employees for all hours worked; (2) provide employees with meal and rest breaks; (3) timely pay all wages owed to employees during each pay period and upon termination of their employment; and (4) provide employees with accurate, itemized wage statements.

After the exchange of relevant information and evidence, the parties agreed to enter into settlement negotiations in an attempt to informally resolve the claims in the case. The parties participated in a mediation with Daniel Turner, Esq., an experienced and well-respected class action mediator. With Mr. Turner’s guidance, the parties were able to negotiate a complete settlement of Plaintiff’s claims.

Counsel for Plaintiff, and the attorneys appointed by the Court to represent the class, Capstone Law APC (“Class Counsel”), have investigated and researched the facts and circumstances underlying the issues raised in the case and the applicable law. While Class Counsel believe that the claims alleged in this lawsuit have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of Class Members.

Defendants have denied, and continue to deny the factual and legal allegations in the case and believe that they have valid defenses to Plaintiff’s claims. By agreeing to settle, Defendants are not admitting liability on any of the factual allegations or claims in the case or that the case can or should proceed as a class action. Defendants have agreed to settle the case as part of a compromise with Plaintiff.

Summary of The Proposed Settlement Terms

Plaintiff and Defendants have agreed to settle the underlying class claims in exchange for a Gross Settlement Amount of \$470,000. This amount is inclusive of: (1) individual settlement payments to all Participating Class Members; (2) a Class Representative Enhancement Payment of \$10,000 to Joshua Knudson for his services on behalf of the class, and for a release of all claims arising out of his employment with Defendants; (3) \$156,667 in attorneys’ fees and up to \$25,000 in litigation costs and expenses; (4) a \$30,000 settlement of claims under the Labor Code Private Attorneys General Act of

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

2004 (“PAGA”), inclusive of a \$19,500 payment to the California Labor and Workforce Development Agency (“LWDA”) in connection with the PAGA, and a \$10,500 payment (“PAGA Fund”) to all PAGA Members; and (5) reasonable Settlement Administrator’s fees and expenses currently estimated at \$_. After deducting the above payments, a total of approximately \$_ will be allocated to Class Members who do not opt out of the Settlement Class (“Net Settlement Fund”). Additionally, all PAGA Members will receive a proportional share of the \$10,500 PAGA Fund, regardless whether they opt out of the Settlement Class.

Payments from Net Settlement Fund. Defendants will calculate the total number of Workweeks worked by each Class Member from July 19, 2020 through November 18, 2025 (“Class Period”) and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member’s estimated share of the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the “Workweek Value.” Each Class Member’s share of the Net Settlement Fund will be calculated by multiplying each individual Class Member’s total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Class Members as specifically set forth herein, including employee-side tax withholdings or deductions. If there are any valid and t

timely Requests for Exclusion, the Settlement Administrator shall proportionately increase each Participating Class Member’s share of the Net Settlement Fund according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class equals 100% of the Net Settlement Fund.

According to Defendants’ records, you worked during the Class Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the Net Settlement Fund is approximately \$ ____.

Payments from PAGA Fund. Defendants will calculate the total number of Workweeks worked by each PAGA Member from August 9, 2023 through November 18, 2025 (“PAGA Period”) and the aggregate total number of Workweeks worked by all PAGA Members during the PAGA Period. To determine each PAGA Member’s estimated share of the PAGA Fund, the Settlement Administrator will use the following formula: The PAGA Fund will be divided by the aggregate total number of Workweeks during the PAGA Period, resulting in the “PAGA Workweek Value.” Each PAGA Member’s share of the PAGA Fund will be calculated by multiplying each individual PAGA Member’s total number of Workweeks by the PAGA Workweek Value. A Request for Exclusion does not exclude a PAGA Member from the release of claims under California Labor Code §§ 2698, *et seq.* and the PAGA Member will receive their portion of the PAGA fund even if he/she/they submits a valid Request for Exclusion.

According to Defendants’ records, you worked during the PAGA Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the PAGA Fund is approximately \$ ____.

Your Estimated Payment: Based on the above, your estimated payment from the settlement is approximately \$ _____. If you believe the Workweek information provided above is incorrect, please contact the Settlement Administrator to dispute the calculation. You must attach all documentation in support of your dispute (such as check stubs, W2s, or letters from HR). All disputes must be postmarked or faxed on or before [insert date of Response Deadline] and must be sent to:

Settlement Administrator
c/o _____
Fax No. _____

If you dispute the information stated above, Defendants’ records will control unless you are able to provide documentation that establishes otherwise.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

Taxes on Settlement Payments. IRS Forms W-2 and 1099 will be distributed to participating Class Members and the appropriate taxing authorities reflecting the payments they receive under the settlement. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the Settlement. For purposes of this settlement, 25% of each settlement payment from the Net Settlement Fund will be allocated as wages for which IRS Forms W-2 will be issued, and 75% will be allocated as non-wages for which IRS Forms 1099-MISC will be issued. Payments issued to PAGA Members from the PAGA Fund will be treated as non-wages for which IRS Forms 1099-MISC will be issued.

Your Options Under the Settlement

Option 1 – *Automatically Receive a Payment from the Settlement*

If you want to receive your payment from the settlement, then no further action is required on your part. You will automatically receive your settlement payment from the Settlement Administrator if and when the Settlement receives final approval by the Court.

If you choose **Option 1**, and if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement funds. In addition, on the date on which Defendants fully fund the Gross Settlement Amount, you will be deemed to have released or waived the Released Class Claims, and if you are also a PAGA Member, the Released PAGA Claims:

Released Class Claims: All claims, rights, demands, liabilities, and causes of action that are alleged in the operative Complaint, or which could have been alleged by reason of, or in connection with, any matter or fact set forth or referred to in the operative Complaint, including claims for violation of: (1) Cal. Lab. Code §§ 510 and 1198 (unpaid overtime); (2) Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 (unpaid minimum wages); (3) Cal. Lab. Code §§ 226.7, 512(a), 516, and 1198 (failure to provide meal periods); (4) Cal. Lab. Code §§ 226.7, 516, and 1198 (failure to authorize and permit rest periods); (5) Cal. Lab. Code §§ 226(a), 1174(d), and 1198 (non-compliant wage statements and failure to maintain payroll records); (6) Cal. Lab. Code §§ 201 and 202 (wages not timely paid upon termination); (7) Cal. Lab. Code § 204 (failure to timely pay wages during employment); (8) Violation of Labor Code § 1198 and California Code of Regulations, Title 8, Section 11040 Subdivision 5(a) (failure to provide reporting time pay); (9) Cal. Lab. Code § 2802 (unreimbursed business expenses); (10) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unlawful business practices); and (11) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unfair business practices).

Released PAGA Claims: All claims for civil penalties under California Labor Code §§ 2698, *et seq.*, that were alleged or could reasonably have been alleged based on the same facts alleged in Plaintiff's LWDA letter during the PAGA Period.

Option 2 – *Opt Out of the Settlement*

If you do not wish to participate in the settlement, you may exclude yourself from participating by submitting a written request to the Settlement Administrator expressly and clearly indicating that you have received this Notice of Class Action Settlement, decided not to participate in the settlement, and desire to be excluded from the settlement. The written request for exclusion must include your name, signature, address, telephone number, and last four digits of your Social Security Number. Sign, date, and mail the request for exclusion by First Class U.S. Mail or equivalent, to the address below.

Settlement Administrator

c/o _____

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

The Request for Exclusion must be postmarked or faxed not later than _____, 2026. If you submit a Request for Exclusion which is not postmarked or faxed by _____, 2026, your Request for Exclusion will be rejected, and you will be included in the settlement class.

If you choose **Option 2**, you will no longer be a Class Member, and you will:

- Not Receive a Payment from the Net Settlement Fund.
- Not release the Released Class Claims.
- If you are a PAGA Member, you will still release the Released PAGA Claims, and will receive a payment from the PAGA Fund.

Option 3 – Object to the Settlement

If you decide to object to the settlement because you find it unfair or unreasonable, you may submit a written objection stating why you object to the settlement, or you may instead appear at the Final Approval Hearing to object to the Settlement. Written objections must provide: (1) your full name, signature, address, and telephone number, (2) a written statement of all grounds for the objection accompanied by any legal support for such objection; (3) copies of any papers, briefs, or other documents upon which the objection is based; and (4) a statement about whether you intend to appear at the Fairness Hearing. The objection must be mailed to the administrator at [administrator's address].

All written objections must be postmarked or faxed not later than _____ 2026. By submitting an objection, you are not excluding yourself from the settlement. To exclude yourself from the settlement, you must follow the directions described above. Please note that you cannot both object to the settlement and exclude yourself. You must choose one option only.

You may also, if you wish, appear at the Final Approval Hearing set for _____ at _____ a.m./p.m. in the Superior Court of the State of California, for the County of San Bernardino and discuss your objection with the Court and the Parties at your own expense. You may also retain an attorney to represent you at the hearing.

If you choose **Option 3**, you will still be entitled to the money from the settlement. If the Court overrules your objection, you will be deemed to have released the Released Class Claims and Released PAGA Claims.

Additional Information

This Notice of Class Action Settlement is only a summary of the case and the settlement. For a more detailed statement of the matters involved in the case and the settlement, you may refer to the pleadings, the settlement agreement, and other papers filed in the case. All inquiries by Class Members regarding this Class Notice and/or the settlement should be directed to the Settlement Administrator or Class Counsel.

Raul Perez
Capstone Law APC
1875 Century Park E., Suite 1860
Los Angeles, CA 90067
Phone: Number

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, DEFENDANTS' ATTORNEYS WITH INQUIRIES.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******