

1 Kane Moon (SBN 249834)
E-mail: kmoon@moonlawgroup.com
2 Lilit Ter-Astvatsatryan (SBN 320389)
E-mail: lilit@moonlawgroup.com
3 Jamie C. Osganian (SBN 357626)
E-mail: josganian@moonlawgroup.com
4

MOON LAW GROUP, PC
5 725 S. Figueroa Street, Suite 3100
Los Angeles, California 90017
6 Telephone: (213) 232-3128
7 Facsimile: (213) 232-3125

8 Attorneys for Plaintiff Elder Rafael Morales

9 SMITH, GAMBRELL & RUSSELL, LLP
PATRICK J. CAIN (SBN 105331)
10 THEODORE H. DOKKO (SBN 263830)
pcain@sgrlaw.com
11 tdokko@sgrlaw.com
444 South Flower Street Suite 1700
12 Los Angeles, California 90071
Telephone: 213-358-7200
13 Facsimile: 213-358-7300

14 Attorneys for Defendant
CLIMATEC, LLC
15

16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
17 **COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE**
18

19 ELDER RAFAEL MORALES, individually,
and on behalf of all others similarly situated,

20 Plaintiff,

21 v.

22 CLIMATEC, LLC, a limited liability
23 company; and DOES 1 through 10, inclusive,

24 Defendants.

Case No. 24STCV24702

Assigned for All Purposes:
Hon. Carolyn B. Kuhl

**JOINT STIPULATION OF CLASS AND
REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT**

Action Filed: Sept. 24, 2024
Trial Date: None Set

1 This Joint Stipulation of Class and Representative Action Settlement (“Settlement
2 Agreement,” “Settlement,” or “Agreement”) is made by and between Elder Rafael Morales
3 (“Plaintiff”) and Defendant Climatec, LLC (“Defendant”) (Plaintiff and Defendant collectively,
4 “the Parties,” and individually “Party”).

5 **1. DEFINITIONS**

6 1.1. “Action” means the action entitled *Elder Rafael Morales v. Climatec, LLC*, Los
7 Angeles County Superior Court, Case No. 24STCV24702

8 1.2. “Administrator” means ILYM Group (“ILYM”) the neutral entity the Parties have
9 designated to administer the Settlement.

10 1.3. “Administration Expenses Payment” means the court-approved amount allocated to
11 the Administrator for reimbursement of its reasonable fees and expenses incurred to
12 administer the Settlement, not to exceed \$6,250.00.

13 1.4. “Aggrieved Employees” means all current and former non-exempt employees of
14 Defendant in California employed during the PAGA Period.

15 1.5. “Class” or “Class Member(s)” means all current and former non-exempt employees of
16 Defendant in California employed during the Class Period.

17 1.6. “Class Counsel” means Moon Law Group, P.C.

18 1.7. “Class Counsel Fees Payment” means the court-approved amount allocated to Class
19 Counsel for reimbursement of their reasonable fees incurred to prosecute the Action,
20 not to exceed \$200,000.00, one-third (1/3) of the Gross Settlement Amount.

21 1.8. “Class Counsel Expenses Payment” means the court-approved amount allocated to
22 Class Counsel for reimbursement of their reasonable expenses incurred to prosecute
23 the Action, not to exceed \$30,000.00.

24 1.9. “Class Data” or “Class List” means Class Member identifying information in
25 Defendant’s possession, including the Class Member’s name, last-known mailing
26 address, Social Security number, number of Class Period Workweeks and PAGA Pay
27 Periods, and any other information required by the Administrator to effectuate this
28 Agreement.

- 1.10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means, including, but not limited to, the National Change of Address database, skip tracing, and direct contact by the Administrator with Class Members.
- 1.11. “Class Notice” means the court-approved Notice of Class and Representative Action Settlement and Final Approval Hearing to be mailed to Class Members in English substantially in the form attached to this Agreement as **Exhibit A** and incorporated by reference into this Agreement.
- 1.12. “Class Period” means September 24, 2020, through January 11, 2026.
- 1.13. “Class Representative” means the named Plaintiff in the Action, Elder Rafael Morales.
- 1.14. “Class Representative Service Payment” means the court-approved payment allocated to the Class Representatives for his services in support of the Action and General Release, not to exceed \$7,500.00.
- 1.15. “Court” means the Superior Court of the State of California, Los Angeles.
- 1.16. “Defendant” means the named Defendant in the Action, Climatec, LLC.
- 1.17. “Defense Counsel” means Smith Gambrell & Russell, LLP.
- 1.18. “Effective Date” means the date on which the judgment entered by the Court upon granting final approval of the Class Settlement (the “Judgment”) becomes final. The Judgment is final as of the latest of the following occurrences: (a) if no Class Member objects to the Class Settlement, the day the Court enters Judgment; (b) if one or more Class Members objects to the Class Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.19. “Final Approval Order” means the Court’s Order Granting Final Approval of the Settlement.
- 1.20. “Final Approval Hearing” means the Hearing on Plaintiff’s Motion for Final Approval of the Settlement.
- 1.21. “Final Judgment” means the Judgment entered by the Court upon granting Final

Approval of the Settlement.

1.22. “Gross Settlement Amount” means \$600,000.00, the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 8 below. The Gross Settlement Amount will pay the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment.

1.23. “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount, calculated according to the number of Workweeks he or she worked during the Class Period.

1.24. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 35% of the PAGA Penalties allocated pursuant to California Labor Code (“Labor Code”) section 2699(m) and calculated according to the number of PAGA Pay Periods he or she worked during the PAGA Period.

1.25. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled under Labor Code section 2699(a).

1.26. “LWDA PAGA Payment” means the LWDA’s 65% share of the PAGA Penalties, allocated pursuant to Labor Code section 2699(m).

1.27. “Net Settlement Amount” means the Gross Settlement Amount less the following court-approved payments: Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.28. “Non-Participating Class Member” means a Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.29. “Operative Complaint” means the First Amended Complaint filed in the Action.

1.30. “Objection” means a Class Member’s written or verbal objection to a term of, or the terms of, the Settlement.

- 1.31. “PAGA Pay Period” means any pay period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.32. “PAGA Period” means September 24, 2023, through through January 11, 2026.
- 1.33. “PAGA” means the Labor Code Private Attorneys General Act, Labor Code sections 2698, *et seq.*
- 1.34. “PAGA Notice” means Plaintiff’s September 24, 2024 letter to the LWDA providing written notice pursuant to Labor Code section 2699.3(a).
- 1.35. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount in settlement of the Released PAGA Claims, not to exceed \$30,000.00.
- 1.36. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion.
- 1.37. “Plaintiff” means the named Plaintiff in the Action, Elder Rafael Morales.
- 1.38. “Preliminary Approval Order” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.39. “Released Class Claims” means the claims released as described in Paragraph 5.2.
- 1.40. “Released PAGA Claims” means the claims released as described in Paragraph 5.3.
- 1.41. “Released Parties” means Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, and affiliates, along with each of their present and former parent, subsidiary, and related entities.
- 1.42. “Request for Exclusion” means a Class Member’s written request to be excluded from the Settlement.
- 1.43. “Response Deadline” means forty-five (45) calendar days from the date the Administrator mails the Class Notice to the Class and the last date on which Class Members may: (a) mail a Request for Exclusion from the Settlement; or (b) mail an Objection to the Settlement. Class Members to whom a Class Notice is resent after having been returned undeliverable to the Administrator shall have an additional

fourteen (14) calendar days beyond the Response Deadline to timely mail a Request for Exclusion or Objection.

1.44. “Workweek” means any calendar week during the Class Period in which a Class Member worked at least one day for Defendant.

2. RECITALS.

2.1. On September 24, 2024, Plaintiff submitted to the LWDA, and sent via certified mail to Defendant, a Notice of Labor Code Violations pursuant to Labor Code section 2699.3(a).

2.2. On September 24, 2024, Plaintiff filed a class action complaint in this action against Defendant alleging violations of California law for: (1) failure to pay minimum wages; (2) failure to pay overtime compensation; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to indemnify necessary business expenses; (6) failure to timely pay final wages at termination; (7) failure to provide accurate itemized wage statements; and (8) unfair business practices.

2.3. On November 27, 2024, Plaintiff filed a First Amended Complaint adding a ninth cause of action for civil penalties under PAGA (“Operative Complaint”).

2.4. Thereafter, the Parties engaged in further investigation and informal discovery and participated in a mediation on November 12, 2025, before Brandon McKelvey, Esq. The Parties reached a settlement on a class basis at the mediation.

2.5. Before mediation, Plaintiff obtained through informal discovery, sample of the time and corresponding payroll records of the Class, the employee handbook and policies in effect during the Class Period and the PAGA Period, and other Class Member data and documents.

2.6. The Court has not granted class certification.

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

///

1 **3. MONETARY TERMS.**

2 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below,
3 Defendant will pay \$600,000.00 (less credits outlined below) and no more as the
4 Gross Settlement Amount and all employer payroll taxes owed on the Wage Portions
5 of the Individual Class Payments, which shall be paid separately. Defendant has no
6 obligation to pay the Gross Settlement Amount or any payroll taxes before the
7 deadline stated in Paragraph 4.1 of this Agreement. The Administrator will disburse
8 the entire Gross Settlement Amount without asking or requiring Participating Class
9 Members or Aggrieved Employees to submit any claim as a condition of payment.
10 None of the Gross Settlement Amount will revert to Defendant.

11 3.1.1. Credited Settlement Amount: The Gross Settlement Amount includes a
12 credit of \$52,750.00 (“Credited Settlement Amount”), which is the total
13 amount previously paid by Defendant to certain Class Members in
14 resolution of their individual claims.

15 3.1.2. Uncredited Settlement Payment: Because of the Credited Settlement
16 Amount, Defendant shall fund the Gross Settlement Amount with new
17 money of \$547,250.00 (the “Uncredited Settlement Payment”). If the Gross
18 Settlement Amount increases pursuant to the Escalator Clause set forth in
19 Paragraph 8 below, Defendant’s Uncredited Settlement Payment shall
20 increase by the same amount.

21 3.2. Payments from the Gross Settlement Amount. The Administrator will make and
22 deduct the following payments from the Gross Settlement Amount, in the amounts
23 specified by the Court in the Final Approval Order:

24 3.2.1. To Plaintiff: A Class Representative Service Payments to the Class
25 Representative of not more than \$7,500.00, in addition to the Individual
26 Class Payment and Individual PAGA Payment the Class Representative is
27 entitled to receive as a Participating Class Member and Aggrieved
28 Employee. Defendant will not oppose Plaintiff’s request for a Class

1 Representative Service Payment that does not exceed this amount. Plaintiff
2 and/or Class Counsel will file a Motion supporting the Class Representative
3 Service Payment no later than sixteen (16) court days before the Final
4 Approval Hearing. If the Court approves of a Class Representative Service
5 Payment that is less than the amount requested, the Administrator will
6 retain the remainder in the Net Settlement Amount. The Administrator will
7 pay the Class Representative Service Payment using IRS Form 1099.
8 Plaintiff shall be solely and legally responsible for paying any applicable
9 taxes on this payment and shall hold Defendant harmless from any claim or
10 liability for taxes, penalties, or interest arising as a result of the payment.
11 Defendant makes no representations as to the tax treatment or legal effect of
12 the payment called for herein, and Plaintiff is not relying on any statement
13 or representation by Defendant or its counsel in this regard.

14 3.2.2. To Class Counsel: A Class Counsel Fees Payment not to exceed 1/3 of the
15 Gross Settlement Amount, which is currently estimated to be \$200,000.00,
16 and a Class Counsel Expenses Payment not to exceed \$30,000.00.
17 Defendant will not oppose Plaintiff's request for Class Counsel Fees and
18 Class Counsel Expenses Payments that do not exceed these amounts.
19 Plaintiff and/or Class Counsel will file a Motion supporting the Class
20 Counsel Fees and Class Counsel Expenses Payments no later than sixteen
21 (16) court days before the Final Approval Hearing. If the Court approves of
22 Class Counsel Fees and/or Class Counsel Expenses Payments that are less
23 than the amounts requested, the Administrator will allocate the remainder to
24 the Net Settlement Amount. Released Parties shall have no liability to Class
25 Counsel arising from any claim to any portion of any Class Counsel Fees
26 and/or Class Counsel Expenses Payments. The Administrator will pay the
27 Class Counsel Fees and Class Counsel Expenses Payments using one or
28 more IRS 1099 Forms. Class Counsel assumes full responsibility and

liability for taxes owed on the Class Counsel Fees and Class Counsel Expenses Payments. Class Counsel holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments.

3.2.3. To the Administrator: An Administration Expenses Payment of not more than \$6,250.00 except for a showing of good cause and as approved by the Court. Plaintiff and/or Class Counsel will file a Motion supporting the Administration Expenses Payment no later than sixteen (16) court days before the Final Approval Hearing. If the Court approves of an Administration Expenses Payment that is less than the amount requested, or if the Administration Expense Payment is less than the amount allocated under this Agreement, the Administrator will allocate the remainder to the Net Settlement Amount.

3.2.3.1. To Each Participating Class Member: Previously settled Class Members who received the Credited Settlement Amount shall not receive any additional Individual Class Payment, and the Workweeks attributable to those individuals shall be excluded from the calculation for Individual Class Payments, but those individuals shall remain eligible to receive any Individual PAGA Payment to which they are otherwise entitled as Aggrieved Employees.

The Administrator will calculate each Individual Class Payment by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks. Non-Participating Class Members will not receive an Individual Class Payment. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members

on a pro rata basis.

3.2.3.2. Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to the settlement of claims for wages (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. Eighty percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to the settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for employee taxes owed on their Individual Class Payment.

3.2.4. To the LWDA and Aggrieved Employees: PAGA Penalties in the total amount of Thirty Thousand Dollars (\$30,000.00) shall be paid from the Gross Settlement Amount, with sixty-five percent (65%) (\$19,500.00) allocated to the LWDA PAGA Payment and thirty-five percent (35%) (\$10,500.00) allocated to the Individual PAGA Payments.

3.2.4.1. To Each Aggrieved Employee: 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.

3.2.4.2. Tax Allocation of Individual PAGA Payments. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. One hundred percent (100%) of each Individual PAGA Payment will be allocated as penalties. The Administrator will report the Individual PAGA

Payments on IRS 1099 Forms.

3.2.4.3. If the Court approves PAGA Penalties less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Funding of Gross Settlement Amount. The Gross Settlement Amount, together with all employer-side payroll taxes owed on the wage portions of the Individual Class Payments, shall be fully funded by transmission of such funds to the Administrator no later than fourteen (14) days following the Effective Date.

4.2 Payments from the Gross Settlement Amount. No later than fourteen (14) calendar days after Defendant funds the entire Gross Settlement Amount, the Administrator shall mail checks for the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment.

4.2.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail with postage prepaid. Before mailing any checks, the Administrator must update the recipient's mailing addresses using the National Change of Address Database. The face of each check shall prominently state the date the check will be voided. Each check will be voided 180 days after the date of mailing ("void date"). The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members, including those for whom a Class Notice was returned undelivered. The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees, including Non-Participating Class Members who qualify as Aggrieved Employees and those for whom a Class Notice was

1 returned undelivered. The Administrator may send Participating Class
2 Members a single check combining the Individual Class Payment and
3 Individual PAGA Payment.

4 4.2.2. No later than fourteen (14) calendar days after receiving a returned check, the
5 Administrator must re-mail checks to the USPS forwarding address provided
6 or to an address ascertained through the Class Member Address Search for
7 Class Members whose checks are returned undelivered without a USPS
8 forwarding address. Thereafter, the Administrator need not take further steps
9 to deliver checks to Class Members whose re-mailed checks are returned as
10 undelivered. However, the Administrator shall promptly send a replacement
11 check to any Class Member whose original check was lost or misplaced and
12 who requests the replacement before the void date.

13 4.2.3. For any Class Member whose Individual Class Payment check or Aggrieved
14 Employee whose Individual PAGA Payment check is uncashed and cancelled
15 after the void date, or for any Class Member whose envelope is returned and
16 no forwarding address can be located for the Class Member after reasonable
17 efforts have been made, the Administrator shall transmit the funds represented
18 by such checks to the California Controller's Unclaimed Property Fund in the
19 name of the Class Member, thereby leaving no "unpaid residue" subject to the
20 requirements of California Code of Civil Procedure ("CCP") section 384(b).

21 4.2.4. The payment of Individual Class Payments and Individual PAGA Payments
22 shall not obligate Defendant to confer any additional benefits or make any
23 additional payments to Class Members, such as 401(k) contributions or
24 bonuses, beyond those specified in this Agreement. Rather, it is the Parties'
25 intention that this Agreement will not affect any rights, contributions, or
26 amounts to which any Class Members may be entitled under any benefit
27 plans.

28 ///

1 **5. RELEASES OF CLAIMS.**

2 Effective on the date Defendant fully funds the Gross Settlement Amount as provided in
3 Paragraph 3.1.2, above, along with all employer payroll taxes owed on the Wage Portions of the
4 Individual Class Payments, Plaintiffs, Participating Class Members, and Aggrieved Employees will
5 release claims against all Released Parties as follows:

6 5.1. Plaintiff's Release. Plaintiff shall release all claims related to his employment, and
7 termination thereof, including but not limited to all claims that were alleged, or
8 reasonably could have been alleged, in the Action, along with all PAGA claims that
9 were, or reasonably could have been alleged ("Plaintiff's Release"). Plaintiff's
10 Released Claims include but are not limited to all claims for unpaid wages, including,
11 failure to pay minimum wages; failure to pay straight time compensation, overtime
12 compensation, and/or interest; missed, late, short and/or interrupted meal and/or rest
13 periods, including any claim for any alleged failure to pay premiums for missed, late,
14 short and/or interrupted meal and/or rest periods, or to pay such premiums at the
15 regular rate of compensation; reimbursement for business expenses; inaccurate or
16 otherwise improper wage statements and/or failure to keep or maintain accurate
17 records, failure to timely pay final wages, any claim for unfair business practices
18 arising out of, arising in connection with, or related to any or all of the
19 aforementioned claims; any claim for statutory or civil penalties arising out of,
20 arising in connection with, or related to any or all of the aforementioned claims,
21 including, but not limited to, recordkeeping penalties, wage statement penalties,
22 minimum-wage penalties, liquidated damages, and waiting-time penalties; and
23 attorneys' fees and costs. Plaintiff's Release specifically excludes claims for
24 unemployment insurance, disability, social security, and workers' compensation
25 (except for claims pursuant to Labor Code Sections 132a and 4553). and be bound by
26 a Civil Code Section 1542 release and waiver of all claims known and unknown,
27 without exception, except as may be prohibited by law. This Plaintiff expressly
28 waives the provisions of California Civil Code section 1542, which provides:

1 “A general release does not extend to claims that the creditor or
2 releasing party does not know or suspect to exist in his or her
3 favor at the time of executing the release and that, if known by
4 him or her, would have materially affected his or her settlement
5 with the debtor or released party.”

6 Plaintiff acknowledges that he has read and understands Section 1542 and knowingly
7 and voluntarily waives the rights and benefits afforded by that section with respect to
8 the Claims released herein. Plaintiff agrees that this Agreement is entered into
9 knowingly and voluntarily. Plaintiff represents and warrants that he has full authority
10 to enter into this Agreement and that he has not assigned, transferred, or conveyed
11 any interest in any Claims to any spouse or to any other third party.

12 5.2. Release by Participating Class Members: All Participating Class Members, on behalf
13 of themselves and their respective former and present representatives, agents,
14 attorneys, heirs, administrators, successors, and assigns, release Released Parties
15 from all claims that were alleged, or reasonably could have been alleged, based on
16 the Class Period facts stated in the Operative Complaint filed in the Action, including
17 but not limited to all claims for unpaid wages, including, failure to pay minimum
18 wages; failure to pay straight time compensation, overtime compensation, and/or
19 interest; missed, late, short and/or interrupted meal and/or rest periods, including any
20 claim for any alleged failure to pay premiums for missed, late, short and/or
21 interrupted meal and/or rest periods, or to pay such premiums at the regular rate of
22 compensation; reimbursement for business expenses; inaccurate or otherwise
23 improper wage statements and/or failure to keep or maintain accurate records, failure
24 to timely pay final wages, any claim for unfair business practices arising out of,
25 arising in connection with, or related to any or all of the aforementioned claims; any
26 claim for statutory or civil penalties arising out of, arising in connection with, or
27 related to any or all of the aforementioned claims, including, but not limited to,
28 recordkeeping penalties, wage statement penalties, minimum-wage penalties,

1 liquidated damages, and waiting-time penalties; and attorneys' fees and costs
2 (collectively, the "Released Class Claims"). Participating Class Members do not
3 release any other claims, including claims for vested benefits, wrongful termination,
4 violation of the Fair Employment and Housing Act, unemployment insurance,
5 disability, social security, workers' compensation, or claims based on facts occurring
6 outside the Class Period.

7 5.3. Released PAGA Claims: All Aggrieved Employees are deemed to release, on behalf
8 of themselves and their respective former and present representatives, agents,
9 attorneys, heirs, administrators, successors, and assigns, the Released Parties from all
10 claims for PAGA Penalties that were alleged, or reasonably could have been alleged,
11 based on the facts stated in the Operative Complaint and Plaintiff's PAGA notice
12 letter submitted to the LWDA, and ascertained in the course of the Action
13 (collectively, the "Released PAGA Claims"). The Released PAGA Claims include,
14 but are not limited to, all claims for civil penalties under the Private Attorneys
15 General Act, Cal. Labor Code §§ 2698 et seq. ("PAGA") including but not limited to
16 claims for unpaid wages, including, but not limited to, failure to pay minimum
17 wages; failure to pay straight time compensation, overtime compensation, double-
18 time compensation, reporting time compensation, and/or interest, and/or failure to
19 pay overtime compensation at the regular rate of pay; missed, late, short and/or
20 interrupted meal and/or rest periods, including any claim for any alleged failure to
21 pay premiums for missed, late, short and/or interrupted meal and/or rest periods, or to
22 pay such premiums at the regular rate of compensation, reimbursement for business
23 expenses or any other claim that Defendant allowed or required employees to bear
24 any of the costs associated with the operation of Defendant's business; inaccurate or
25 otherwise improper wage statements and/or failure to keep or maintain accurate
26 records; any claim for unfair business practices arising out of, arising in connection
27 with, or related to any or all of the aforementioned claims; any claim for statutory or
28 civil penalties arising out of, arising in connection with, or related to any or all of the

1 aforementioned claims, including, but not limited to, recordkeeping penalties, wage
2 statement penalties, minimum-wage penalties, liquidated damages, and waiting-time
3 penalties; and attorneys' fees and costs. This release excludes the release of claims
4 not permitted to be released by law.

5 **6. MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and
6 file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the
7 Court's current checklist for Preliminary Approvals.

8 6.1. Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all
9 documents necessary for obtaining Preliminary Approval, including: (i) a draft of the
10 notice, and memorandum in support, of the Motion for Preliminary Approval that
11 includes an analysis of the Settlement under Dunk/Kullar and a request for approval
12 of the PAGA Settlement under Labor Code section 2699, subd. (f)(2)); (ii) a draft
13 proposed Order Granting Preliminary Approval and Approval of PAGA Settlement;
14 (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator
15 attaching its "not to exceed" bid for administering the Settlement and attesting to its
16 willingness to serve; competency; operative procedures for protecting the security of
17 Class Data; amounts of insurance coverage for any data breach, defalcation of funds
18 or other misfeasance; all facts relevant to any actual or potential conflicts of interest
19 with Class Members; and the nature and extent of any financial relationship with
20 Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff
21 confirming willingness and competency to serve and disclosing all facts relevant to
22 any actual or potential conflicts of interest with Class Members or the Administrator;
23 (vi) a signed declaration from Class Counsel attesting to its competency to represent
24 the Class Members; its timely transmission to the LWDA of all necessary PAGA
25 documents (initial notice of violations (Labor Code section 2699.3, subd. (a)),
26 Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor
27 Code section 2699, subd. (l)(2)); and (vii) all facts relevant to any actual or potential
28 conflict of interest with Class Members and/or the Administrator. In their

1 declarations, Plaintiff and Class Counsel shall aver that they are not aware of any
2 other pending matter or action asserting claims that will be extinguished or adversely
3 affected by the Settlement.

4 6.2. Responsibilities of Counsel. Class Counsel is responsible for preparing the Motion
5 for Preliminary Approval for Defendant's review no later than thirty (30) days after
6 the full execution of this Agreement; obtaining a prompt hearing date for the Motion
7 for Preliminary Approval; filing the Motion for Preliminary Approval; and for
8 appearing in Court to advocate in favor of the Motion for Preliminary Approval.
9 Class Counsel is responsible for delivering the Court's Preliminary Approval to the
10 Administrator.

11 6.3. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for
12 Preliminary Approval and/or the supporting declarations and documents, Class
13 Counsel and Defense Counsel will expeditiously work together on behalf of the
14 Parties by meeting in person or by telephone, and in good faith, to resolve the
15 disagreement. If the Court does not grant Preliminary Approval or conditions
16 Preliminary Approval on any material change to this Agreement, Class Counsel and
17 Defense Counsel will expeditiously work together on behalf of the Parties by
18 meeting in person or by telephone, and in good faith, to modify the Agreement and
19 otherwise satisfy the Court's concerns.

20 **7. SETTLEMENT ADMINISTRATION.**

21 7.1. Selection of Administrator. The Parties have jointly selected ILYM to serve as the
22 Administrator and verified that, as a condition of appointment, ILYM agrees to be
23 bound by this Agreement and to perform, as a fiduciary, all duties specified in this
24 Agreement in exchange for the Administration Expenses Payment. The Parties and
25 their Counsel represent that they have no interest or relationship, financial or
26 otherwise, with the Administrator other than a professional relationship arising out of
27 prior experiences administering settlements.

28 7.2. Class Data. No later than twenty-one (21) calendar days after the Court grants

Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of the Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under the Settlement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted Class Member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties, and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

7.3. Notice of Receipt of Class Data. No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and PAGA Pay Periods in the Class Data.

7.4. Notice to Class Members. No later than fourteen (14) calendar days after receiving the Class Data from Defendant, the Administrator will send all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payments payable to the Class Member and/or Aggrieved Employee, and the number of Workweeks and PAGA Pay Periods used to calculate these amounts. Before mailing the Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.5. Remailing of Class Notice. No later than three (3) business days after its receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-

1 mail the Class Notice using any forwarding address provided by USPS. If USPS does
2 not provide a forwarding address, the Administrator shall conduct a Class Member
3 Address Search and re-mail the Class Notice to the most current address obtained.
4 The Administrator has no obligation to make further attempts to locate or send the
5 Class Notice to Class Members whose Class Notice is returned by USPS a second
6 time.

7 7.5.1. The deadlines for Class Members' Objections, Challenges to Calculation of
8 Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be
9 extended an additional fourteen (14) calendar days beyond the forty-five (45)
10 calendar days otherwise provided in the Class Notice for all Class Members
11 whose notice is re-mailed. The Administrator will inform the Class Member
12 of the extended deadline with the re-mailed Class Notice

13 7.5.2. If the Administrator, Defendant, Defense Counsel, or Class Counsel is
14 contacted by or otherwise discovers any persons who believe they should
15 have been included in the Class Data and should have received Class Notice,
16 the Parties will expeditiously meet and confer in person or by telephone, and
17 in good faith, to agree on whether to include them as Class Members. If the
18 Parties agree, such person(s) will be Class Members entitled to the same
19 rights as other Class Members, and the Administrator will send, via email or
20 overnight delivery, a Class Notice requiring them to exercise options under
21 this Agreement no later than fourteen (14) calendar days after receipt of the
22 Class Notice, or the deadline in the Class Notice, whichever is later.

23 7.6. Class Members' Options.

24 7.6.1. Requests for Exclusion (Opt-Outs). A Class Member may exclude himself or
25 herself from the Settlement by mailing a Request for Exclusion to the
26 Administrator by no later than the Response Deadline. The Request for
27 Exclusion must be valid and timely. To be valid, the Request for Exclusion
28 must include the Class Member's full name, address, telephone number, and

signature, and a written statement requesting to be excluded from the Settlement. To be timely, the Request for Exclusion must be postmarked no later than the Response Deadline. The postmark date will be the exclusive means of determining whether a Request for Exclusion has been timely submitted. A Class Member who does not submit a valid and timely Request for Exclusion will be deemed a Participating Class Member and will be bound by all terms of the Settlement if it is granted Final Approval.

7.6.2. The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.6.3. Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Release under Paragraph 5.2 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.6.4. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of

1 this Agreement and are eligible for an Individual PAGA Payment.

2 7.7. Challenges to Calculation of Workweeks. A Class Member and/or Aggrieved
3 Employee may challenge the number of Workweeks and/or PAGA Pay Periods
4 allocated to the Class Member and/or Aggrieved Employee in the Class Notice by
5 communicating with the Administrator. The Challenge to Calculation of Workweeks
6 and/or Pay Periods must be timely. To be timely, the Challenge to Calculation of
7 Workweeks and/or Pay Periods must be postmarked no later than the Response
8 Deadline. The postmark date will be the exclusive means of determining whether a
9 Challenge to Calculation of Workweeks and/or Pay Periods has been timely
10 submitted. The Administrator must encourage the challenging Class Member to
11 submit supporting documentation. In the absence of any contrary documentation, the
12 Administrator is entitled to presume that the Workweeks contained in the Class
13 Notice are correct so long as they are consistent with the Class Data. The
14 Administrator's determination of allocations of Workweeks is final and not
15 appealable or otherwise susceptible to challenge. The Administrator shall promptly
16 provide copies of all Challenges to Calculation of Workweeks and/or Pay Periods
17 and the Administrator's determination of the challenges to Defense Counsel and
18 Class Counsel.

19 7.8. Objections to Settlement.

20 7.8.1. Only Participating Class Members may object to the class action components
21 of the Settlement and this Agreement, including contesting the fairness of the
22 Settlement and the amounts requested for the Class Counsel Fees Payment,
23 Class Counsel Litigation Expenses Payment, Administration Expenses
24 Payment, and Class Representative Service Payment.

25 7.8.2. Participating Class Members may send written objections to the
26 Administrator, by fax, email or mail no later than the Response Deadline. In
27 the alternative, Participating Class Members may appear in Court (or hire an
28 attorney to appear in Court) to present oral objections at the Final Approval

Hearing.

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

7.9. Administrator Duties. The Administrator has a duty to perform all tasks to be performed by the Administrator set forth in this Agreement or otherwise.

7.9.1. 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.

7.9.2. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation § 468B-1.

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

7.9.3.1. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review Requests for Exclusion on a rolling basis to ascertain their validity and timeliness. No later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have submitted Requests for Exclusion, regardless of whether the requests are valid and timely (“Exclusion List”); and (b) copies of all Requests for Exclusion submitted, regardless of whether the

requests are valid and timely.

7.9.3.2. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that tally the number of Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion received (whether valid or invalid), Objections received, Challenges to Workweeks and/or PAGA Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s attach assessment of the validity of Requests for Exclusion and copies of all Requests for Exclusion and Objections received.

7.9.3.3. Administrator’s Declaration. No later than seven (7) business days after the Response Deadline, the Administrator will provide Class Counsel and Defense Counsel a signed declaration suitable for filing in Court attesting to (i) its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of the Class Notice, (ii) the total number of Class Notices returned as undelivered, (iii) the total number of re-mailed Class Notices, (iv) its attempts to locate Class Members, (v) the total number of Requests for Exclusion received (valid or invalid), (vi) the total number of Objections received (valid or invalid), (vii) the total number of Participating Class Members and Workweeks, (viii) and the total number of Aggrieved Employees and PAGA Pay Periods. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.

7.9.3.4. Final Report by Settlement Administrator. No later than fourteen (14) calendar days after the Administrator disburses all funds in the Gross

Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with (i) a final report detailing its disbursements by employee identification number only of all payments made under this Agreement, and (ii) a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. ESCALATOR CLAUSE. Defendant represents that there are approximately 19,500 workweeks that Class Members worked during the Class Period. (This excludes workweeks attributable to Class Members who signed individual settlement agreements as described in 3.1.1, above, whose workweeks shall not be included for purposes of this Escalator Clause, but who are included in the releases.) If the number of workweeks in the Class Period increases by more than 10% (i.e., the total number of workweeks exceeds 21,450), then the GSA shall increase proportionately over the 10% threshold (i.e. meaning if the workweeks increase by 11%, the Uncredited Settlement Payment will increase by 1%).

9. DEFENDANT'S RIGHT TO WITHDRAW. If the number of valid and timely Requests for Exclusion exceeds ten percent (10%) of the total of all Class Members, Defendant may, but is not obligated to, elect to withdraw from the Settlement. If Defendant withdraws, the Settlement will be void ab initio and have no force or effect whatsoever, and neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will be responsible for paying all settlement administration expenses incurred to that point. Defendant must notify Class Counsel and the Court of its election to withdraw not later than seven (7) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. FINAL APPROVAL.

10.1. Motion for Final Approval. No later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file a Motion for Final Approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699(s)(2) and a [Proposed] Final Approval Order and Judgment

(collectively “Motion for Final Approval”). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven (7) days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.2. Response to Objections. Each Party retains the right to respond to any Objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days before the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.3. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement, including, but not limited to, the scope of release to be granted by Class Members, the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this Paragraph.

10.4. Continuing Jurisdiction of the Court. The Parties agree that, after entry of the Final Judgment, the Court will retain jurisdiction over the Parties, Action, and Settlement solely for purposes of (i) enforcing the Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law, pursuant to CCP section 664.6 and California Rules of Court rule 3.769(h).

10.5. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees and Class Counsel Expenses Payments set forth in this Agreement, the Parties, their respective counsel, and all Participating Class Members who did not object to the

Settlement 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 an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until 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.

10.6. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), the Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional administration expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

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

12. **ADDITIONAL PROVISIONS.**

12.1. No Admission of Liability. The Parties enter into this Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of continued litigation. In entering into this Agreement, Defendant does not admit, and specifically denies, it has violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements; breached any contract; violated or breached

any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct concerning their employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendant of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendant or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law. If Final Approval does not occur, the Parties agree that this Agreement is void, but remains protected by California Evidence Code section 1152. Class Certification or Representative Manageability for Other Purposes. The Parties agree to stipulate to class certification only for purposes of the Settlement. If, for any reason, the Settlement is not approved, the stipulation to certification will be void. If, for any reason the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendant reserves the right to contest certification of any class for any reason, and Defendant reserves all available defenses to the claims in the Action, Plaintiff reserves the right to move for class certification on any grounds available, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with any litigation, except for proceedings to enforce or effectuate the Settlement and this Agreement.

12.2. Confidentiality, No Press Releases/Advertisements. Plaintiff, Class Counsel, Defendant, and Defense Counsel separately agree that, until the Motion for Preliminary Approval is filed, they and each of them will not disclose, disseminate, publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency or other entity except: (1) to the

Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) to counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Neither Plaintiff nor Plaintiff's Counsel shall issue any press release or announcement of any kind related in any way to the Settlement. This Settlement shall not be advertised or mentioned on any source, including Class Counsel's personal or firm website. Plaintiff and Class Counsel separately agree not to, directly or indirectly, initiate any conversations or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. Nothing in this paragraph is intended to interfere with Class Counsel's duties and obligations to faithfully discharge their duties as Class Counsel, including but not limited to: (1) as required by law; (2) as required under the terms of the Settlement; and/or (3) as required under counsel's duties and responsibilities as Class Counsel.

12.3. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Agreement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

12.4. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this Paragraph shall be

1 construed to restrict Class Counsel's ability to communicate with Class Members in
2 accordance with Class Counsel's ethical obligations owed to Class Members.

3 12.5. Integrated Agreement. Upon execution by all Parties and their counsel, this
4 Agreement, together with its attached Exhibit, shall constitute the entire agreement
5 between the Parties relating to the Settlement, superseding any and all oral
6 representations, warranties, covenants, or inducements made to or by any Party.

7 12.6. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and
8 represent that they are authorized by Plaintiff and Defendant, respectively, to take all
9 appropriate action required or permitted to be taken by such Parties pursuant to this
10 Agreement to effectuate its terms, and to execute any other documents reasonably
11 required to effectuate the terms of this Agreement including any amendments to this
12 Agreement.

13 12.7. Invalidity of Any Provision. Before declaring any provision of this Agreement
14 invalid, the Court will first attempt to construe the provision as valid to the fullest
15 extent possible consistent with applicable precedents to define all provisions of this
16 Agreement as valid and enforceable.

17 12.8. Waiver. No waiver of any condition or covenant contained in this Agreement or
18 failure to exercise a right or remedy by any of the Parties hereto will be considered to
19 imply or constitute a further waiver by such party of the same or any other condition,
20 covenant, right, or remedy.

21 12.9. Cooperation. The Parties and their counsel will cooperate and use their best efforts, in
22 good faith, to implement the Settlement by, among other things, modifying the
23 Settlement Agreement, submitting supplemental evidence, and supplementing points
24 and authorities as requested by the Court. In the event the Parties are unable to agree
25 upon the form or content of any document necessary to implement the Settlement, or
26 on any modification of the Agreement that may become necessary to implement the
27 Settlement, the Parties will seek the assistance of a mediator and/or the Court for
28 resolution.

- 12.10. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 12.11. No Tax Advice. Neither Plaintiffs, Class Counsel, Defendant, nor Defense Counsel is providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 12.12. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 12.13. No Assignment of Claims. Class Representative, Class Members, nor Aggrieved Employees have assigned, will assign, or will attempt to assign, transfer, convey, or otherwise dispose of any rights or claims arising from, resulting from, in any way relating to or in connection with the Settlement Agreement, Released Class Claims, or Released PAGA Claims. Any such assignment, or attempt to assign, will be void, invalid, and of no force and effect, and the Administrator shall not recognize any such action. Nothing in this section alters the scope of the release or creates any rights in any third party not otherwise intended to benefit from this Agreement.
- 12.14. Agreement Binding on Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the successors or assigns of each of the Parties.
- 12.15. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.
- 12.16. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

- 12.17. Confidentiality. To the extent permitted by law, all agreements made and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 12.18. Use and Return of Class Data. Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class 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 no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. No later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.
- 12.19. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 12.20. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 12.21. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the second business day (at the place of delivery) after deposit with an internationally recognized overnight common carrier, or the day sent by email, addressed as follows:
- To Plaintiff:

1 Kane Moon (SBN 249834)
2 E-mail: kmoon@moonlawgroup.com
3 Lilit Ter-Astvatsatryan (SBN 320389)
4 E-mail: lilit@moonlawgroup.com
5 Jamie C. Osganian (SBN 357626)
6 E-mail: josganian@moonlawgroup.com
7 **MOON LAW GROUP, PC**
8 725 S. Figueroa Street, Suite 3100
9 Los Angeles, California 90017
10 Telephone: (213) 232-3128
11 Facsimile: (213) 232-3125

12 To Defendant:

13 SMITH, GAMBRELL & RUSSELL, LLP
14 Patrick J. Cain (SBN 105331)
15 Theodore H. Dokko (SBN 263830)
16 pcain@sgrlaw.com
17 tdokko@sgrlaw.com
18 444 South Flower Street Suite 1700
19 Los Angeles, California 90071
20 Telephone: 213-358-7200
21 Facsimile: 213-358-7300

22 12.22. Execution in Counterparts. This Agreement may be executed in one or more
23 counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes
24 of this Agreement shall be accepted as an original. All executed counterparts and
25 each of them will be deemed to be one and the same instrument if counsel for the
26 Parties will exchange between themselves signed counterparts. Any executed
27 counterpart will be admissible in evidence to prove the existence and contents of this
28 Agreement.

12.23. Binding Agreement. The Parties warrant that they understand and have full authority
to enter into this Settlement, intend that this 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. Plaintiffs, and not
their representative(s), must personally execute this Agreement. An authorized officer
of Defendant must execute this Agreement on behalf of Defendant. This Agreement

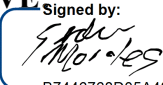
1 shall become binding and enforceable pursuant to CCP section 664.6.

2 12.24. Stay of Litigation. The Parties agree that upon the execution of this Agreement the
3 litigation shall be stayed, except to effectuate the terms of this Agreement. The
4 Parties further agree that upon the signing of this Agreement that pursuant to CCP
5 section 583.330 to extend the date to bring a case to trial under CCP section 583.310
6 for the entire period of this settlement process.

7
8 [Signatures on following page]
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PLAINTIFF & CLASS REPRESENTATIVE:

Dated: 6/10/2026

Signed by:

By: B7446768D05A484...
Plaintiff, Elder Rafael Morales

Plaintiff's Counsel:

Dated: 6/11/2026

MOON LAW GROUP, P.C.
By: 
Kane Moon
Attorneys for Plaintiff

Defendant:

Dated: _____, 2026

By: _____
Print Name

Signature

Title

Defendant:

Dated: _____, 2026

By: _____
Print Name

Signature

Title

1 **PLAINTIFF & CLASS REPRESENTATIVE:**

2 Dated: , 2026

3 By: _____
4 Plaintiff, Elder Rafael Morales

5
6 **Plaintiff's Counsel:**

7 Dated: , 2026

MOON LAW GROUP, P.C.

8
9 By: _____
10 Kane Moon

11 Attorneys for Plaintiff

12 **Defendant:**

13 Dated: , 2026

14 By: **Rich Cillessen**
15 _____
16 Print Name

17 **Rich_Cillessen** Digitally signed by Rich_Cillessen
18 Date: 2026.06.05 11:45:09 -05'00'
19 _____
20 Signature

21 **President**
22 _____
23 Title

24 **Defendant:**

25 Dated: , 2026

26 By: **Ronald Kleefman**
27 _____
28 Print Name

29 **Ronald_Kleefman** Digitally signed by
30 Ronald_Kleefman
31 Date: 2026.06.08 09:03:46 -07'00'
32 _____
33 Signature

34 **CFO**
35 _____
36 Title

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Defendant's Counsel:

Dated: June 12, 2026

SMITH, GAMBRELL & RUSSELL, LLP

By: 

Patrick J. Cain
Theodore H. Dokko

Attorneys for Defendant Climatec, LLC

Exhibit A

COURT APPROVED NOTICE OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

Elder Rafael Morales v. Climatec, LLC

Superior Court of California, County of Los Angeles, Case No. 24STCV24702

The Superior Court for the State of California authorized this Notice. Your legal rights are affected whether or not you act. Please read this notice carefully. It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Climatec, LLC (“Climatec” or “Defendant”) for alleged wage and hour violations. The Action was filed by a former Climatec, LLC employee, Elder Rafael Morales (“Plaintiff”) and seeks payment of (1) back wages and other relief for a class of non-exempt employees (“Class Members”) who worked for Climatec during the Class Period September 24, 2020, to January 11, 2026; and (2) penalties under the California Private Attorney General Act (“PAGA”) for all non-exempt employees who worked for Climatec during the PAGA Period (September 24, 2023, to January 11, 2026) (“Aggrieved Employees”).

The proposed settlement has two main parts: (1) a class settlement requiring Climatec to fund individual class payments, and (2) a PAGA settlement requiring Climatec to fund individual PAGA payments and pay penalties to the California Labor and Workforce Development Agency.

Based on Climatec’s records, and the parties’ current assumptions, **your individual class payment is estimated to be \$ [REDACTED] (less withholding) and your individual PAGA payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your individual PAGA payment, then according to Climatec’s records you are not eligible for an individual PAGA payment under the settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Climatec’s records showing that **you worked [REDACTED] workweeks** during the Class Period and **you worked [REDACTED] workweeks** during the PAGA Period. If you believe that you worked more workweeks during the Class Period, you can submit a challenge by the deadline date. See **Section IV** of this Notice.

The Court has already preliminarily approved the proposed settlement and approved this notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this notice carefully. You will be deemed to have carefully read and understood it. At the final approval hearing, the Court will decide whether to finally approve the settlement and how much of the settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Climatec to make payments under the settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Climatec.

If you worked for Climatec during the Class Period and/or the PAGA Period, you have two basic options under the settlement:

(1) **Do Nothing.** You don’t have to do anything to participate in the proposed settlement and be eligible for an individual class payment and/or an individual PAGA payment. As a participating class member, though, you will give up your right to assert Class Period wage claims against Climatec.

(2) **Opt-Out of the Class Settlement.** You can exclude yourself from the class settlement (opt-out) by submitting the written request for exclusion or otherwise notifying the Administrator in writing. If you opt-out of the settlement, you will not receive an individual class payment. You will, however, preserve your right to personally pursue Class Period wage claims against Climatec, and, if you are an Aggrieved Employee, remain eligible for an individual PAGA payment. You cannot opt-out of the PAGA portion of the proposed

settlement.

Climatec will not retaliate against you for any actions you take with respect to the proposed settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Participate in the Settlement	If you want to participate in the Settlement, remain in the Class, and receive your Individual Class Payment and Individual PAGA Payment, <u>then you do not need to do anything.</u>
Exclude Yourself From the Settlement	If you do not want to participate in the Settlement or remain in the Class, <u>then you need to follow the instructions in Section 6.</u> If you exclude yourself from the Settlement, you will not receive your Individual Class Payment, and you will not release the Released Class Claims against the Released Parties (defined in Section 4, below). However, if the Settlement is approved by the Court and you are an Aggrieved Employee, you will receive your Individual PAGA Payment, and you will release the Released PAGA Claims, even if you exclude yourself from the Settlement.
Object to the Settlement	If you want to object to the terms of the Settlement but remain in the Class, <u>then you need to follow the instructions in Section 7.</u> If you object to the Settlement, you will still be bound by the terms of the Settlement if it is approved by the Court.
Participate in the Final Approval Hearing	The Court's final approval hearing is scheduled to take place on _____. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the settlement at the final approval hearing. See Section VIII of this notice.
Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your individual class payment and individual PAGA payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many pay periods you worked at least one day during the PAGA Period, respectively. The number of Class Period workweeks and number of PAGA Period pay periods you worked according to Climatec's records is stated on the first page of this notice. If you disagree with the number of Class Period workweeks, you must challenge it by _____. See Section IV of this notice.

1. WHY DID I GET THIS NOTICE?

You have received this Notice because Defendant's records reflect that you are a Class Member and/or Aggrieved Employee (defined above). Because the Settlement, which has been preliminarily approved by the Court, affects Class Members' and Aggrieved Employees' legal rights, the Court ordered that this Notice be sent to you. This Notice provides you with information about (1) the Action, (2) the monetary terms of the Settlement, (3) your estimated Individual Class Payment, provided you do not request to be excluded from the Settlement, (4) your estimated Individual PAGA Payment, (5) the terms of the Settlement, including the claims that are being released, (6) how to participate in, exclude yourself from, or object to the Settlement, and (7) where to find additional information regarding the Action and Settlement.

2. WHAT IS THIS CASE ABOUT?

Plaintiff alleges Defendant: (1) failed to pay Class Members minimum wages for all hours worked; (2) failed to pay Class Members overtime compensation; (3) failed to provide Class Members compliant meal periods or compensation in lieu thereof; (4) failed to provide Class Members compliant rest breaks or compensation in lieu thereof; (5) failed to reimburse Class Members for necessary business expenses they incurred in the direct discharge of their duties to Defendant; (6) failed to timely pay Class Members all compensation due upon termination or resignation; (7) failed to provide Class Members accurate itemized wage statements; (8) engaged in unlawful business practices in violation of California Business and Professions Code sections 17200, *et seq.*; and/or (9) owes civil penalties under PAGA.

Defendant strongly denies these allegations and maintains it fully complied with all applicable laws.

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

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

The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will not grant final approval of the settlement or not enter a judgment. It is also possible the Court will enter a judgment that is reversed on appeal. Plaintiff and Climatec have agreed that, in either case, the settlement will be void, Climatec will not pay any money, and Class Members will not release any claims against Climatec.

Administrator. The Court has appointed a neutral company, [REDACTED] (the “Administrator”) to send this notice, calculate and make payments, and process Class Members’ requests for exclusion. The Administrator will also decide Class Member challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the settlement. The Administrator’s contact information is contained in Section 3, below, of this notice.

3. THE MONETARY TERMS OF THE SETTLEMENT AND CALCULATION OF YOUR INDIVIDUAL CLASS PAYMENT AND INDIVIDUAL PAGA PAYMENT

Without admitting any wrongdoing, and to avoid the business disruptions caused by litigating these claims, Defendant has agreed to pay a Gross Settlement Amount of \$600,000.00 to settle the Action. The following amounts will be paid from the Gross Settlement Amount:

- An Administrator Expenses Payment not to exceed \$6,250.00. for reimbursement of the Administrator’s reasonable fees and expenses;
- A Class Representative Service Payment not to exceed \$7,500.00 to Class Representative for his services in support of the Action and General Release;
- PAGA Penalties in the amount of \$30,000.00 allocated to the LWDA and Aggrieved Employees for the payment of civil penalties under PAGA;

- A Class Counsel Expenses Payment not to exceed \$30,000.00 to Class Counsel for reimbursement of their reasonable expenses incurred to prosecute the Action; and
- A Class Counsel Fees Payment not to exceed **1/3 of the Gross Settlement Amount** to Class Counsel for reimbursement of their reasonable fees incurred to prosecute the Action.

Net Settlement Amount: The amount remaining from the Gross Settlement Amount after the above deductions is called the “Net Settlement Amount.” The Net Settlement Amount will be allocated to all Participating Class Members and calculated as follows:

1. The Administrator will determine the number of weeks each Participating Class Member worked for Defendant for at least one day during the Class Period (“Workweeks”);
2. The Administrator will determine the value of a single Workweek by dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members; and
3. Each Participating Class Member shall receive an Individual Class Payment equal to his or her Workweeks multiplied by the value of a single Workweek.

You have been credited with [REDACTED] Workweeks. Based on these Workweeks, your Individual Class Payment, prior to any applicable withholdings, is estimated to be \$ [REDACTED]. Depending on rulings from the Court that might affect the Gross Settlement Amount, as well as the number of Class Members who may exclude themselves from the Settlement, the actual amount you will receive if the Court grants Final Approval of the Settlement may vary from this estimated amount.

Individual PAGA Payment: A total of Thirty Thousand Dollars (\$30,000.00) of the Gross Settlement Amount has been allocated to PAGA Penalties. Of this amount, sixty-five percent (65%) (\$19,500.00) shall be paid to the California Labor and Workforce Development Agency (“LWDA PAGA Payment”), and thirty-five percent (35%) (\$10,500.00) (the “Individual PAGA Payment”) shall be paid on a pro rata basis to Aggrieved Employees, calculated as follows:

The Administrator will determine the number of pay periods each Aggrieved Employee worked for Defendant for at least one day during the PAGA Period (“PAGA Pay Periods”);

1. The Administrator will determine the value of a single PAGA Pay Period by dividing the Individual PAGA Payment by the total number of PAGA Pay Periods worked by all Aggrieved Employees; and
2. Each Aggrieved Employee shall receive an Individual PAGA Payment equal to his or her PAGA Pay Periods multiplied by the value of a single PAGA Pay Period.

You have been credited with [REDACTED] PAGA Pay Periods. Based on these PAGA Pay Periods, your Individual PAGA Payment is estimated to be \$ [REDACTED]. Depending on rulings from the Court that might affect the Gross Settlement Amount, the actual amount you will receive if the Court grants Final Approval of the Settlement may vary from this estimated amount.

If you dispute the total number of Workweeks and/or PAGA Pay Periods that you have been credited with, you may challenge the allocation by sending a Challenge to the Calculation of Workweeks and/or Pay Periods to the Administrator (“Challenge”). Your Challenge should (1) contain your name, address, and telephone number and the case name and number of the Action (i.e., *Elder Rafael Morales v. Climatec, LLC*, Los Angeles County Superior Court, Case No. 24STCV24702); (2) clearly state the number of Workweeks and/or PAGA Pay Periods you believe is correct; and (3) attach any documentary evidence you have to prove the number of contended Workweeks and/or PAGA Pay Periods. You should send copies rather than originals because the documents will not be returned to you. Your Challenge must be postmarked on or before [Response Deadline] and returned to the Administrator at the following address:

[Administrator]
[contact info]

The Administrator will resolve Workweek challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and XYZ's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

Payments

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

Non-Participating Class Members. The Administrator will send, by U.S. mail, a single individual PAGA payment check to every Aggrieved Employee who opts out of the class settlement.

Your check will be sent to the same address as this notice. If you change your address, be sure to notify the Administrator as soon as possible.

For tax purposes, twenty percent (20%) of each Individual Class Payment will be allocated to wages and subject to all applicable employee state and federal tax withholdings; and eighty percent (80%) of each Individual Class Payment will be considered penalties, liquidated damages, interest, and any other non-wage related payments. The amount allocated as wages will be reported on an IRS Form W-2, and the remaining amount allocated as penalties, liquidated damages, interest, and other non-wage payments will be reported on an IRS form 1099. One hundred percent (100%) of each Individual PAGA Payment will be allocated as penalties and reported on an IRS Form 1099. In addition to the Gross Settlement Amount, Defendant will pay all employer-payroll taxes in connection with the portion of the Settlement allocated towards wages. Class Members are responsible for paying taxes on other amounts received. This Notice is not tax advice, and you should consult your tax advisor.

Checks will be valid for one hundred and eighty (180) days. After that, checks will become void, and a stop payment will be placed on the uncashed checks. If a settlement check is lost or misplaced before it is cashed, the Administrator will replace it as long as a request for replacement is made before the void date on the face of the original check

Settlement checks that are not cashed within one hundred and eighty (180) days of mailing, or are returned to the Administrator as undeliverable, will be cancelled, and the Administrator shall send the funds associated with uncashed checks to the California Controller's Unclaimed Property Fund in the name of the Class Member. Class Members who do not timely cash their checks should contact the Administrator to determine how they can obtain their payment. **Class Members will be bound by the Settlement even if they do not cash their settlement checks.**

4. WHAT AM I RELEASING AS A CLASS MEMBER UNDER THE SETTLEMENT?

As of the date Defendant fully funds the entire Gross Settlement Amount and all employer payroll taxes owed on the wage portions of the Individual Class Payments, all Class Members who do not opt out of the Settlement (i.e., Participating Class Members), including Plaintiff, will fully and finally release and discharge the Released Parties from the Released Class Claims.

"Released Parties" means Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, and affiliates, along with each of their present and former parent, subsidiary, and related entities.

All Participating Class Members, on behalf of themselves and their respective former and present representatives,

agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint filed in the Action, including but not limited to all claims for unpaid wages, including, failure to pay minimum wages; failure to pay straight time compensation, overtime compensation, and/or interest; missed, late, short and/or interrupted meal and/or rest periods, including any claim for any alleged failure to pay premiums for missed, late, short and/or interrupted meal and/or rest periods, or to pay such premiums at the regular rate of compensation; reimbursement for business expenses; inaccurate or otherwise improper wage statements and/or failure to keep or maintain accurate records, failure to timely pay final wages, any claim for unfair business practices arising out of, arising in connection with, or related to any or all of the aforementioned claims; any claim for statutory or civil penalties arising out of, arising in connection with, or related to any or all of the aforementioned claims, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum-wage penalties, liquidated damages, and waiting-time penalties; and attorneys' fees and costs. Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period. (collectively, the "Released Class Claims").

5. WHAT AM I RELEASING AS AN AGGRIEVED EMPLOYEE UNDER THE SETTLEMENT?

As of the date Defendant fully funds the entire Gross Settlement Amount and all employer payroll taxes owed on the wage portions of the Individual Class Payments, Aggrieved Employees will fully and finally release and discharge the Released Parties from the Released PAGA Claims. Released Parties are defined in Section 4 of this Notice, above.

Aggrieved Employees release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and Plaintiff's PAGA notice letter submitted to the LWDA. (collectively, the "Released PAGA Claims").

AGGRIEVED EMPLOYEES CANNOT OPT-OUT OF THE PAGA SETTLEMENT OR THE RELEASE OF RELEASED PAGA CLAIMS, AND THEY WILL RECEIVE AN INDIVIDUAL PAGA PAYMENT EVEN IF THEY OPT-OUT OF THE CLASS SETTLEMENT.

6. WHAT IF I DO NOT WANT TO PARTICIPATE IN THE CLASS SETTLEMENT?

You have the right to request exclusion from the Settlement as a Class Member, with regard to the settlement of Released Class Claims, but you are not able to exclude yourself as an Aggrieved Employee. If you wish to exclude yourself from the release of Released Class Claims, you must mail a Request for Exclusion to the Administrator at the address listed in Section 3 of this Notice, above. The Request for Exclusion must be valid and timely.

To be valid, the Request for Exclusion must (1) include your full name, address, telephone number, and signature, and a written statement requesting to be excluded from the Settlement; (2) state the case name and number of the Action (i.e., *Elder Rafael Morales v. Climatec, LLC*, Los Angeles County Superior Court, Case No. 24STCV24702); and (3) be mailed to the specified physical address of the Administrator. To be timely, the Request for Exclusion must be postmarked no later than the [Response Deadline]. The postmark date will be the exclusive means of determining whether a Request for Exclusion has been timely submitted. It is your responsibility to ensure the Administrator timely receives your Request for Exclusion. Unless you timely request to be excluded from the Settlement, you will be bound by the Final Judgment upon Final Approval.

Class Members who request to be excluded from the Settlement will NOT receive their Individual Class Payment and will not release any of the Released Class Claims. However, Class Members who are Aggrieved Employees will receive their Individual PAGA Payment and will release the Released PAGA Claims, regardless of whether they submit a Request for Exclusion.

7. WHAT IF I WANT TO OBJECT TO THIS SETTLEMENT?

Only Participating Class Members have the right to object to the settlement. Before deciding whether to object, you may wish to see what Plaintiff and Climatec are asking the Court to approve. At least 16 court days before the final approval hearing, Class Counsel and/or Plaintiff will file in Court a Motion for Final Approval that includes, among other things, the reasons why the proposed settlement is fair and states (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a class representative service award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's website _____ or the Court's website <https://www.lacourt.ca.gov/pages/lp/access-a-case/tp/find-case-information/cp/os-civil-case-access>.

You have the right to object to the Settlement or to any settlement term as a Participating Class Member. If you wish to object, you may (1) appear at the Final Approval Hearing and verbally object to the Settlement or any term thereof; and/or (2) send a written Objection to the Administrator at the address listed in Section 3 of this Notice, above. The written Objection must be valid and timely. To be valid, the written Objection must (1) include your full name, address, telephone number, and signature, the contact information for any attorney representing the objecting Class Member, if any, and the factual and legal bases for the Objection, including any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; (2) state the case name and number of the Action (i.e., *Elder Rafael Morales v. Climatec, LLC*, Los Angeles County Superior Court, Case No. 24STCV24702); and (3) be mailed to the specified physical address of the Administrator. To be timely, the written Objection must be postmarked no later than the [Response Deadline]. The postmark date will be the exclusive means of determining whether a written Objection has been timely submitted.

Filing an objection will **not** exclude you from the Settlement. If the Court grants Final Approval of the Settlement, you will still receive an Individual Class Payment, and you will be barred from pursuing the Released Class Claims. **Do not submit both an Objection and a Request for Exclusion. You may file one or neither.** If you file neither, then you will be automatically included in the Settlement and do not need to take any further action to receive a payment.

8. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Final Approval Hearing is scheduled to take place on _____, at _____ a.m. in the Superior Court of the State of California, County of Los Angeles, Department 12, located at _____. This date and time may be subject to change without notice to you. You may verify the hearing date on the following website: [ADMINISTRATOR WEBSITE]. Participating Class Members may appear in Court (or hire an attorney to appear in Court at their own expense) to offer comments and/or present verbal objections at the Final Approval Hearing.

9. WHO ARE THE ATTORNEYS?

<u>Attorneys for Plaintiff and the Class:</u>	<u>Attorneys for Defendant:</u>
Kane Moon (SBN 249834) E-mail: kmoon@moonlawgroup.com Julie S. Oh (SBN 341157)	SMITH, GAMBRELL & RUSSELL, LLP Patrick J. Cain (SBN 105331) Theodore H. Dokko (SBN 263830)

E-mail: joh@moonlawgroup.com Jamie C. Osganian (SBN 357626) E-mail: josganian@moonlawgroup.com MOON LAW GROUP, PC 725 S. Figueroa Street, Suite 3100 Los Angeles, California 90017 Telephone: (213) 232-3128 Facsimile: (213) 232-3125	pcain@sgrlaw.com tdokko@sgrlaw.com 444 South Flower Street Suite 1700 Los Angeles, California 90071 Telephone: 213-358-7200 Facsimile: 213-358-7300
---	---

The Court has permitted, for purposes of settlement, the Attorneys for Plaintiff and the Class to represent the Participating Class Members. Other than the Class Counsel Fees Payment and Class Counsel Expenses Payment approved by the Court and to be paid out of the Gross Settlement Amount, you will not be charged for their services.

10. SHOULD I GET MY OWN LAWYER?

You do not need to get your own lawyer. If you want your own lawyer to speak for you or appear in Court, you have the right to hire one, but you will have to pay for that lawyer yourself.

11. FURTHER INFORMATION

The foregoing is only a summary of the Settlement. For the precise terms and conditions of the Settlement and other important case documents, please see the Settlement available at www.settlement.com, or contact Class Counsel at the address or telephone number provided in Section 9, above.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT.