

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement,” “Settlement,” or “Agreement”) is made and entered by and between Plaintiff Ronett McNary (“Plaintiff”) and Defendant Butterfly Effects, LLC (“Defendant”) to settle the action entitled *McNary v. Butterfly Effects, LLC* (Case No. 24CV100510) (“Lawsuit”). Plaintiff and Defendant are collectively referred to herein as the “Parties”, and each may be individually referred to herein as a “Party”.

RECITALS

This Agreement is made in consideration of the following facts:

- A. Plaintiff is a former hourly-paid, non-exempt employee of Defendant.
- B. Plaintiff contends that she suffered one or more violations of the Labor Code during Plaintiff’s employment with Defendant and that Plaintiff is an “aggrieved employee” under Private Attorneys General Act of 2004 (“PAGA”).
- C. On September 16, 2024, Plaintiff provided written notice to the California Labor and Workforce Development Agency (“LWDA”) and Defendant of the specific provisions of the Labor Code that she contends were violated and the theories supporting the contentions (“PAGA Notice”).
- D. On November 21, 2024, Plaintiff filed a representative PAGA action in the Superior Court of California, County of Alameda. The Lawsuit is predicated on the alleged: (1) failure to pay minimum and overtime wages; (2) failure to provide meal periods and rest breaks; (3) failure to timely pay wages during employment; (4) failure to timely pay wages upon termination; (5) failure to provide complete and accurate wage statements; and (6) failure to reimburse business expenses (“PAGA Claims”).
- E. After engaging in discovery, investigations, and negotiations, on August 21, 2025, the Parties attended mediation with the mediator Brandon McKelvey. While the Parties did not initially settle at mediation, continued negotiations with the mediator’s assistance resulted in the settlement of this Lawsuit via a mediator’s proposal, subject to the Court’s approval.
- F. Defendant denies all the allegations in the Lawsuit and any contention that it committed any misconduct, wrongdoing, or any other actionable conduct of any kind, including any violation of the Labor Code.
- G. The Parties have each independently analyzed and investigated the facts and law relevant to the Lawsuit and jointly retained an expert to perform a data analysis. Defendant produced documents and data, including, but not limited to, information pertaining to the employment policies, practices, and procedures implicated by the PAGA Claims. This included meal and rest breaks, overtime, timekeeping, and payroll policies, sampling of timekeeping and payroll records, wage statements, and summaries of data pertaining to the number of employees

allegedly affected by the PAGA Claims. The Parties had ample opportunity to evaluate their positions on the merits of the claims asserted.

Pursuant to Labor Code section 2699(s)(2), in consideration of the promises and agreements contained herein, the Parties agree to seek approval of the following settlement terms.

SETTLEMENT TERMS

1. **Court Approval of the Agreement.** In accordance with Labor Code section 2699(s)(2), the Parties will present this Agreement to the Court for its review and approval via a stipulation or noticed motion. Plaintiff shall permit Defendant a reasonable period to review and provide input prior to filing.

2. **Delivery of Agreement to the LWDA.** In accordance with Labor Code section 2699(s)(2), Plaintiff will cause this Agreement to be submitted to the LWDA at the same time that this Agreement is submitted to the Court for approval.

3. **Effective Date.** This Agreement shall become fully effective the later of the following: (a) within fourteen (14) calendar days after Defendant's receipt of the court order granting approval; (b) if there is an objection, intervention, or other procedure that can give rise to an appeal, the expiration of the time to appeal without a timely appeal filed; and (c) if there is a timely appeal, the disposition of the appeal and any further appeal, affirming approval of the Settlement.

4. **No Admission of Liability.**

(a) The Parties acknowledge and agree that this Agreement is the result of a compromise and settlement of disputed claims in the Lawsuit. Defendant denies all allegations made by Plaintiff in the Lawsuit and denies that it is liable or owes any damages, penalties, or other compensation or remedies to anyone regarding the PAGA Claims. Defendant further denies any liability or wrongdoing of any kind in connection with Plaintiff's claims and contends that it complied in all respects with applicable state and federal laws and regulations. Defendant agreed to settle the Lawsuit on the terms and conditions set forth in this Agreement to avoid the burden, expense, and uncertainty of litigation.

(b) This Settlement cannot be used, directly or indirectly, to introduce, use, or admit in this Lawsuit or in any other judicial, arbitral, administrative, investigative, or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule, or executive order (*i.e.*, evidence of a "first" or "initial" violation), or any liability, obligation, or duty at law or in equity, or for any other purpose. This Settlement shall not be construed to be an admission by Defendant of any liability or wrongdoing as to Plaintiff, the Settlement Group, or any other person.

(c) The Parties concur that this Agreement is a settlement document and shall be inadmissible for any purpose in any proceeding, except an action or proceeding to approve, interpret, or enforce the terms of this Agreement. The Parties agree that, to the extent permitted by law, this Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action or other proceeding that may be instituted, prosecuted, or attempted in breach of this Agreement.

5. **Settlement Group and Settlement Period.**

(a) **Settlement Group and Settlement Group Members.** This Agreement shall include all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the Settlement Period (“Settlement Group” or “Settlement Group Members”).

(b) **Settlement Period.** This Agreement shall cover the period from September 16, 2023, through August 21, 2025 (“Settlement Period”).

(i) Defendant estimates that there are about 2,602 Settlement Group Members that worked around 35,719 pay periods during the Settlement Period.

(ii) There will be no reversion to Defendant and no claims process for the Settlement Group Members to receive payment.

(iii) The Settlement Group Members do not have the right to opt out of or object to this Agreement.

6. **Settlement Administration.**

(a) The Parties will retain Phoenix Class Action Administration Solutions to serve as the Settlement Administrator.

(b) The Settlement Administrator shall establish a Qualified Settlement Fund pursuant to 26 U.S.C. section 486B, make all payments required by this Agreement, handle all required tax withholding and reporting related thereto to the extent necessary, and issue all appropriate tax forms to Plaintiff, Plaintiff’s Counsel, Settlement Group Members, and LWDA resulting from the settlement payments under this Agreement. The Settlement Administrator is solely responsible for issuing all required tax forms under this Agreement.

7. **Settlement Payments.**

(a) **Gross Settlement Amount.** In consideration of, and subject to, the promises, terms, and conditions set forth in this Agreement, Defendant shall pay the maximum gross sum of \$623,000 (“Gross Settlement Amount”) in the manner and method set forth herein. Excluding the Escalator Clause set forth below, nothing in this Agreement shall require Defendant to pay, or make Defendant liable for, more than the Gross Settlement Amount to settle the Lawsuit and all claims alleged therein.

(b) **Allocation of Gross Settlement Amount.** The Gross Settlement Amount shall consist of the following: (i) award of attorneys' fees to Plaintiff's Counsel ("Attorneys' Fees Award"); (ii) award of litigation costs and expenses to Plaintiff's Counsel ("Litigation Costs Award"); (iii) enhancement payment to Plaintiff ("Enhancement Payment"); (iv) payment of settlement administration costs to the Settlement Administrator ("Administration Costs"); and (v) payments of civil penalties to the LWDA and Settlement Group ("PAGA Penalties Fund").

(i) **Attorneys' Fees Award.**

(A) Plaintiff's Counsel may submit an application to the Court for the Attorneys' Fees Award not to exceed \$218,050 (35% of the Gross Settlement Amount). Defendant will not oppose or object to this application. Defendant shall have no liability for attorneys' fees except as provided for in this Agreement.

(B) Any Attorneys' Fees Award approved by the Court will be paid out of the Gross Settlement Amount and shall constitute full and complete satisfaction of all claims Plaintiff may have for attorneys' fees arising out of the Lawsuit through the Effective Date of this Agreement, including work not yet performed.

(C) This Agreement is not contingent upon the Court approving an Attorneys' Fees Award in the amount set forth herein. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve an Attorneys' Fees Award that is less than the amount set forth herein. The Court's refusal to approve the requested Attorneys' Fees Award does not give Plaintiff, Settlement Group Members, or Plaintiff's Counsel any basis to abrogate this Settlement.

(D) If any portion of the Attorneys' Fees Award is not approved by the Court, only the approved amount shall be paid, and payment of that amount shall constitute satisfaction of Defendant's obligations with respect to the Attorneys' Fees Award. Any difference between the requested Attorneys' Fees Award and Court-approved Attorneys' Fees Award will become part of the PAGA Penalties Fund.

(ii) **Litigation Costs Award.**

(A) Plaintiff's Counsel may submit an application to the Court for the Litigation Costs Award as reimbursement of litigation costs and expenses incurred by Plaintiff's Counsel in connection with the Lawsuit not to exceed \$25,000. Defendant will not oppose or object to this application. Defendant shall have no liability for attorneys' costs except as provided for in this Agreement.

(B) Any Litigation Costs Award approved by the Court will be paid out of the Gross Settlement Amount and shall constitute full and complete satisfaction of all claims Plaintiff may have for litigation costs and expenses arising out of the Lawsuit through the Effective Date of this Agreement, including litigation costs and expenses not yet incurred.

(C) This Agreement is not contingent upon the Court approving a Litigation Costs Award in the amount set forth herein. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve a Litigation Costs Award that is less than the amount set forth herein. The Court's refusal to approve the requested Litigation Costs Award amount does not give Plaintiff, Settlement Group Members, or Plaintiff's Counsel any basis to abrogate this Settlement.

(D) If any portion of the Litigation Costs Award is not approved by the Court, only the approved amount shall be paid, and payment of that amount shall constitute full satisfaction of Defendant's obligations with respect to the Litigation Costs Award. Any difference between the requested Litigation Costs Award and Court-approved Litigation Costs Award will become part of the PAGA Penalties Fund.

(iii) **Enhancement Payment.**

(A) Plaintiff may submit an application to the Court for the Enhancement Payment not to exceed \$5,000 for the time and effort and risk undertaken in bringing the Lawsuit. Defendant will not oppose or object to this application.

(B) This Agreement is not contingent upon the Court approving the Enhancement Payment in the amount set forth herein. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve the Enhancement Payment in an amount less than the amount set forth herein. The Court's refusal to approve the Enhancement Payment as requested herein does not give Plaintiff, Settlement Group Members, or Plaintiff's Counsel any basis to abrogate this Settlement.

(C) If any portion of the Enhancement Payment set forth herein is not approved by the Court, no more than the approved amount shall be paid to Plaintiff from the Gross Settlement Amount. Any difference between the requested Enhancement Payment and Court-approved Enhancement Payment will become part of the PAGA Penalties Fund.

(iv) **Administration Costs.**

(A) Subject to approval by the Court, the Administration Costs currently estimated at \$15,000 will be paid out of the Gross Settlement Amount to cover the costs of the settlement administration process.

(B) Any Administration Costs approved by the Court will be paid out of the Gross Settlement Amount and shall constitute full and complete satisfaction of any settlement administration costs.

(C) This Agreement is not contingent upon the Court approving Administration Costs in the amount set forth herein. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve Administration Costs in an amount that is less than the amount set forth herein. The Court's refusal

to approve the Administration Costs requested does not give Plaintiff, Settlement Group Members, or Plaintiff's Counsel any basis to abrogate this Settlement.

(D) If any portion of the Administration Costs set forth herein is not approved by the Court, no more than the approved amount shall be paid to the Settlement Administrator out of the Gross Settlement Amount. Any difference between the requested Administration Costs and Administration Costs approved by the Court will become part of the PAGA Penalties Fund.

(v) **PAGA Penalties Fund.** The portion of the Gross Settlement Amount remaining after the deduction of the Attorneys' Fees Award, Litigation Costs Award, Enhancement Payment, and Administration Costs are paid shall be designated the PAGA Penalties Fund from which payments deemed to constitute full and complete satisfaction of any and all claims in the Lawsuit for civil penalties under PAGA shall be made. Subject to approval by the Court, the PAGA Penalties Fund shall be allocated and paid as follows:

(A) **The LWDA Payment.** Sixty-five percent (65%) of the PAGA Penalties Fund will be paid to the LWDA for enforcement of labor laws, including the administration of PAGA and for education of employers and employees about their rights and responsibilities under the Labor Code.

(B) **Individual Settlement Awards.** Thirty-five percent (35%) of the PAGA Penalties Fund shall be designated as the Net Settlement Amount and will be paid to the Settlement Group Members on a pro-rata basis. Each Settlement Group Member will receive a pro-rata share of the Net Settlement Amount based on the total number of pay periods the Settlement Group Member worked for Defendant during the Settlement Period.

(C) The Individual Settlement Award that each Settlement Group Member is entitled to receive will be determined by using the formula set forth herein:

(1) Individual Settlement Award = Net Settlement Amount x (total number of pay periods worked by the Settlement Group Member ÷ total number of pay periods worked by all Settlement Group Members).

(c) **Tax Allocation.**

(i) **Payments to Plaintiff's Counsel.** The Settlement Administrator shall issue an IRS Form 1099 to Justice Law Corporation in connection with its Attorneys' Fees Award and Litigation Costs Award.

(ii) **Payments to the LWDA.** The sixty-five percent (65%) of the PAGA Penalties Fund payable to the LWDA shall be deemed to consist entirely of civil penalties recovered under PAGA and subject to treatment as IRS Form 1099 income.

(iii) **Payments to the Settlement Group.** If required, an IRS Form 1099 will be issued to each Settlement Group Member in connection with their Individual Settlement Award.

(d) **Tax Indemnification.** Plaintiff, Plaintiff's Counsel, Settlement Group Members, and applicable governmental authorities (including the LWDA) are solely responsible for all tax obligations, including all reporting and payment obligations, attributable to them that may arise as a consequence of this Agreement and payment of the amounts set forth herein. Neither Defendant nor Defendant's counsel make any express or implied promise, representation, or warranty regarding the tax consequences or tax treatment under federal or state tax laws for any sum paid pursuant to this Agreement.

(e) **No Effect on Employee Benefits.** The payments made to Settlement Group Members herein shall not be utilized to calculate any additional benefits under any benefit plans to which any Settlement Group Members may be eligible, including, but not limited to, any profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, or other benefit plans available to the Settlement Group Members.

8. **Distribution of Settlement Payments.**

(a) **List of Settlement Group Members.** No later than thirty (30) calendar days after the Effective Date, Defendant shall provide to the Settlement Administrator a list of Settlement Group Members': (i) Social Security numbers; (ii) last known addresses; and (iii) number of pay periods worked during the Settlement Period. Defendant agrees to consult with the Settlement Administrator as required to provide the list in a format reasonably acceptable for the performance of the duties of the Settlement Administrator. The Settlement Administrator will keep the list confidential, use it only for the purposes described herein, take adequate safeguards to protect confidential or private information, and return or certify the destruction of the information upon completion of the Settlement Administration process.

(b) **Funding of the Gross Settlement Amount.** No later than thirty (30) calendar days after the Effective Date, Defendant shall deposit the Gross Settlement Amount into the Qualified Settlement Fund created by the Settlement Administrator.

(c) **Disbursing the Payments.** No later than fourteen (14) calendar days of the funding of the Gross Settlement Amount, the Settlement Administrator will disburse the payments set forth herein to the appropriate entities or persons. The Settlement Administrator shall first obtain approval of the calculations from all counsel before disbursing the payments.

(d) **Payment of Individual Settlement Awards.**

(i) Individual Settlement Awards will be paid in the form of a check to be delivered to each Settlement Group Member at their last known address. Each Individual Settlement Award will be accompanied by an explanatory letter substantially in the form attached hereto as **Exhibit A**.

(ii) The checks sent to the Settlement Group Members will remain negotiable for one hundred eighty (180) calendar days after the date of their issuance (“Check Stale Date”). Any checks sent to the Settlement Group Members that are not cashed, deposited, or negotiated after the Check Stale Date will be void. The amount of uncashed checks sent to Settlement Group Members will be directed to the *cy pres* recipient Legal Aid At Work.

(iii) Any checks sent to the Settlement Group that are returned as undeliverable on or before the Check Stale Date will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will attempt to determine the correct address using a skip trace or other reasonable method and will then perform a single remailing.

(iv) Any Settlement Group Member who cannot be located after the above procedures are followed will continue to be bound by this Agreement. The funds associated with such Individual Settlement Awards will be directed to the *cy pres* recipient Legal Aid At Work.

9. **Release.**

(a) **Released Parties.** The Released Parties include Defendant and its past and present parents, subsidiaries, affiliates, divisions, predecessors, successors, assigns, officers, directors, employees, partners, shareholders, agents, attorneys, insurers, and any other successors, assigns, or legal representatives, if any.

(b) **Release of the PAGA Claims.** Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, as an agent and proxy of the State of California, and State of California itself (including the LWDA) are deemed to release the Released Parties from all PAGA Claims that were alleged, or could have been alleged, based on facts contained in the PAGA Notice, that were ascertained or alleged in the course of this Lawsuit, and that occurred during the Settlement Period. These claims include Labor Code 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802.

(c) **Plaintiff’s Release.** Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff and Plaintiff’s former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge the Released Parties from all claims, transactions, or occurrences that occurred during the Settlement Period, including, but not limited to: (i) all claims that were alleged, or could have been alleged, based on the facts contained in the Lawsuit; and (ii) all PAGA Claims that were alleged, or could have been alleged, based on facts contained in the PAGA Notice (“Plaintiff’s Release”).

(i) The Plaintiff’s Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers’ compensation benefits that arose at any time, or based on occurrences outside the Settlement Period.

(ii) Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law Plaintiff now knows or believes to be true. But Plaintiff agrees that Plaintiff's Release shall remain effective in all respects, notwithstanding such different or additional facts or the discovery of them.

(iii) Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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

10. **Confidentiality.** With the exception of requirements related to filing the necessary documents to grant this Agreement, the Parties and their counsel will keep confidential the facts relating to the existence of this Agreement, negotiations leading to the execution of this Agreement, terms of this Agreement, and alleged factual basis for Plaintiff's claims, if any. Neither the Parties nor their counsel shall issue a press release, hold a press conference, publish information about the settlement on any website or through any social media, or otherwise publicize the settlement or communicate its terms in public or in private unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiff's Counsel may reference the Lawsuit only by name and case number in a declaration establishing adequacy as class or representative counsel.

11. **Waiver of Appeal Rights.** By accepting this Settlement and upon the Court granting approval of the settlement, Plaintiff and Plaintiff's Counsel waive any and all rights that they may have to appeal any judgment, ruling, or order made by the Court, including any order granting approval of this Settlement or dismissing the Lawsuit. The waiver of appeal also includes all rights to any post-judgment proceeding and appellate proceeding, such as, but not limited to, a motion to vacate judgment, a motion for new trial, a motion for relief, and any extraordinary writ. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings, or post-judgment proceedings. If an appeal is taken from the approval, the time for consummation of the Settlement (including making payments under the Settlement) will be suspended until such time as the appeal is finally resolved and approval becomes final.

12. **Acknowledgement of Fair and Reasonable Settlement.** The Parties have arrived at this Agreement after arm's-length negotiations between experienced counsel. Each of the Parties acknowledges, agrees, and believes that this Agreement is a fair, adequate, and reasonable settlement. The Parties 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 Agreement. Each Party to this Agreement agrees and represents that it has investigated the facts relevant to this Agreement and all matters pertaining thereto to the full extent that each Party deems necessary. The Parties agree that this Agreement reflects their good faith compromise of the claims raised in the Lawsuit based on their assessment of the mutual risks and costs of further litigation and assessments of their counsel.

13. **Duty to Cooperate.** Each Party agrees that it will abide by this Agreement and that the Parties and their counsel will cooperate to effect the implementation of this Agreement. The Parties pledge their good faith and fair dealing in supporting the approval of this Agreement by the Court. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Agreement or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties may seek the assistance of the mediator who facilitated the negotiations. If the Parties cannot resolve their dispute with the assistance of the mediator, the Parties may seek the assistance of the Court.

14. **Governing Law and Interpretation.** This Agreement shall be governed in accordance with the laws of the State of California. The Agreement shall be interpreted per the plain meaning of its terms and shall not be strictly interpreted for or against any of the Parties to this Agreement. Given that all Parties hereto had the opportunity to draft, review, and edit the language of this Agreement, the Parties expressly waive the benefit of any legal principle or rule that provides in cases of uncertainty the language of a contract should be interpreted against the Party who caused the uncertainty to exist.

15. **Discovery of Documents and Information.** Plaintiff and Plaintiff's Counsel agree that they will destroy all documents and information provided to them by Defendant during this Lawsuit within sixty (60) calendar days after the completion of the administration of the Settlement. Plaintiff's Counsel agree that none of the documents and information provided to them by Defendant shall be used for any purpose other than for the settlement of the Lawsuit.

16. **Authority to Enter the Agreement.** Each Party represents and warrants that it has the right and authority to execute this Agreement. It is agreed that the Settlement Group Members are so numerous that it is impossible or impractical to have each member execute this Agreement. It is agreed that this Agreement may be executed on behalf of the Settlement Group Members by Plaintiff and Plaintiff's Counsel.

17. **Authorization of Counsel.** The Parties' counsel warrant and represent that they are authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms and to execute any other documents required to effectuate its terms.

18. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures sent by facsimile transmission or scanned e-mail transmission and electronic signatures have the same force, validity, and effect as original signatures.

19. **Severability.** If any clause or provision of this Agreement is declared illegal or unenforceable, it shall be modified as minimally as necessary to be enforceable. If the provision cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

20. **Binding on Successors and Assigns.** This Agreement will be binding upon, and inure to the benefit of, the Parties and their agents, employees, representatives, officers, directors, parents, subsidiaries, assigns, heirs, executors, administrators, insurers, and successors in interest.

21. **Nullification of Agreement.** If the Court fails to grant approval, the Parties shall be returned to their original positions as though this Agreement had never been entered into at all. If any settlement administration costs are due and payable, the Parties agree to split those costs.

22. **Ownership of the Claims.** The Parties represent that they have not transferred assigned, or purported to transfer or assign, to any person or entity any portion of any liability, claim, demand, action, cause of action, or right herein released and discharged.

23. **Continuing Jurisdiction of the Court.** Pursuant to Code of Civil Procedure section 664.6, the Court shall retain continuing jurisdiction over the Lawsuit and Parties to the fullest extent necessary to enforce and effectuate the terms and intent of this Agreement.

24. **Amendment and Modification.** This Agreement may not be modified, altered, or changed, except by a written instrument signed by either the Parties or their successors-in-interest or counsel for all Parties and approved by the Court.

25. **Admissibility of the Agreement.** Pursuant to Evidence Code section 1123, the Parties agree that this Agreement is admissible for the purposes of proving up and or enforcing the terms of the Agreement.

26. **No Representations.** Except as expressly set forth herein, the Parties acknowledge that no representation of any kind or character has been made to induce the execution of this Settlement Agreement.

27. **Attorneys' Fees.** Except as set forth in this Agreement, each side shall bear its own costs and attorneys' fees.

28. **Escalator Clause.** If it is determined that the number of pay periods within the Settlement Period exceeds 35,719 by more than five percent (5%) (*i.e.*, exceeds 37,505 pay periods), then, at Defendant's election either the: (a) Gross Settlement Amount shall increase proportionally over the five percent (5%) increase (*i.e.*, if the number of pay periods increases by 7%, then the Gross Settlement Amount will increase by 2%); or (b) Settlement Period shall end on a date when the number of pay periods reaches 37,505 pay periods.

* * *

IN WITNESS WHEREOF, the Parties knowingly and voluntarily accept the terms of this Settlement Agreement by affixing their signatures below.

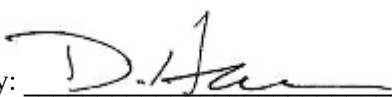
Dated: 09/17/2025 _____

Ronett McNary

By:  _____

Dated: 09/17/2025 _____

Justice Law Corporation [Approving as to Form Only]

By:  _____
Douglas Han, Esq.
Shunt Tatavos-Gharajeh, Esq.
Jamie Nguyen, Esq.
Attorneys for Plaintiff

Dated: _____

Butterfly Effects, LLC

By: _____
On behalf of Butterfly Effects, LLC

Dated: _____

Law Office of Annie M. Ellis, A.P.C. [Approving as to Form Only]

By: _____
Annie M. Ellis, Esq.
Attorney for Defendant

IN WITNESS WHEREOF, the Parties knowingly and voluntarily accept the terms of this Settlement Agreement by affixing their signatures below.

Dated: _____

Ronett McNary

By: _____

Dated: _____

Justice Law Corporation [Approving as to Form Only]

By: _____

Douglas Han, Esq.
Shunt Tatavos-Gharajeh, Esq.
Jamie Nguyen, Esq.
Attorneys for Plaintiff

09 / 15 / 2025

Dated: _____

Butterfly Effects, LLC

By:  CFO

On behalf of Butterfly Effects, LLC

09 / 12 / 2025

Dated: _____

Law Office of Annie M. Ellis, A.P.C. [Approving as to Form Only]


By: _____
Annie M. Ellis, Esq.
Attorney for Defendant

EXHIBIT A

NOTICE OF PAGA SETTLEMENT

McNary v. Butterfly Effects, LLC
Superior Court of California, County of Alameda
Case No. 24CV100510

Dear [Settlement Group Member's Name]:

Enclosed with this letter is a settlement check being paid to you pursuant to the settlement of the lawsuit filed in the Superior Court of California, County of Alameda, entitled *McNary v. Butterfly Effects, LLC*, Case Number 24CV100510 ("Lawsuit"). The purpose of this letter is to provide you with basic information about the Lawsuit, reasons why you are receiving the enclosed settlement check, and effect of the settlement on your legal rights.

I. The Lawsuit

On November 21, 2024, Plaintiff Ronnet McNary ("Plaintiff"), a former employee of Defendant Butterfly Effects, LLC ("Defendant"), commenced this Lawsuit by filing a complaint pursuant to Labor Code section 2698 (Private Attorneys General Act of 2004 ("PAGA")) in the Superior Court of California, County of Alameda. The Lawsuit was brought on behalf of the State of California and all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the period from September 16, 2023, through August 21, 2025 ("Settlement Group," "Settlement Group Members," and "Settlement Period").

In the Lawsuit, Plaintiff claimed that Defendant owed civil penalties under PAGA to Plaintiff and Settlement Group Members for alleged violations of the Labor Code. Defendant denies that it violated the Labor Code, denies the allegations in the operative complaint, and denies all liability under PAGA to Plaintiff, Settlement Group Members, and State of California.

The merits of the Lawsuit have not been determined. On [REDACTED], the Court approved a settlement of the Lawsuit that Defendant entered to avoid the costs and disruption of litigation.

II. Why This Settlement Check Is Being Sent to You

The settlement approved by the Court involves payment of civil penalties. In accordance with PAGA, sixty-five percent (65%) of the civil penalties paid under the settlement goes to the California Labor and Workforce Development Agency ("LWDA"). The remaining thirty-five percent (35%) of the civil penalties paid under the settlement will be distributed to all Settlement Group Members. The enclosed settlement check is being sent to you because you have been identified as a Settlement Group Member.

III. How the Amount of Your Settlement Check Was Determined

The enclosed settlement check was calculated based on the number of pay periods you worked for Defendant during the Settlement Period relative to all other Settlement Group Members.

Your settlement check will remain negotiable for one hundred eighty (180) calendar days after its mailing. If your settlement check is not cashed, deposited, or negotiated within this timeframe, it will be voided. The uncashed amount will then be directed to the *cy pres* recipient Legal Aid At Work.

IV. Consequences of the Settlement

The Lawsuit was filed exclusively as a representative action under PAGA, which functions as a substitute for an enforcement action by the State of California.

As a result of this settlement, effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, as an agent and proxy of the State of California, and State of California itself (including the LWDA) are deemed to release the Released Parties from all PAGA Claims that were alleged, or could have been alleged, based on facts contained in the PAGA Notice, that were ascertained or alleged in the course of this Lawsuit, and that occurred during the Settlement Period. These claims include Labor Code 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802.

The Released Parties include Defendant and its past and present parents, subsidiaries, affiliates, divisions, predecessors, successors, assigns, officers, directors, employees, partners, shareholders, agents, attorneys, insurers, and any other successors, assigns, or legal representatives, if any.

V. Taxation of Your Individual Settlement Award

You will be issued an IRS Form 1099 in connection with the funds paid to you via the enclosed check. However, you are solely responsible for all tax obligations attributable to you that may arise as a result of receiving the settlement check. If you have any tax-related questions regarding your receipt of the enclosed check, you should direct them your own tax advisor.

VI. Where to Get More Information

Do not call or contact the Court about this letter, settlement, settlement check sent to you, or Lawsuit. If you have questions about this letter, settlement, settlement check sent to you, or Lawsuit, you may contact the Settlement Administrator [REDACTED] at [REDACTED].

Dated: **INSERT DATE**

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