SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

JOSE LUIS ROSAS-HIGAREDA, individually and on behalf of others similarly situated, and as an aggrieved employee and Private Attorney General,

Plaintiff,

vs.

R & B WHOLESALE DISTRIBUTORS, INC., a California corporation; and DOES 1 through 50, inclusive,

Defendants.

Case No.: CIVSB2432301

Assigned for All Purposes to: Hon. Jeffrey R. Erickson, Department S14 - SBJC

JOINT STIPULATION OF PAGA SETTLEMENT AND RELEASE

Complaint Filed: October 24, 2024
FAC Filed: December 23, 2024
Trial Date: None Set

JOINT STIPULATION OF PAGA SETTLEMENT AND RELEASE

IT IS HEREBY STIPULATED, by and between Plaintiff JOSE LUIS ROSAS-HIGAREDA ("Plaintiff"), on behalf of himself individually, the state of California and all other aggrieved employees, on the one hand; and Defendant R&B WHOLESALE DISTRIBUTORS, LLC (formerly known as R&B Wholesale Distributors, Inc.) ("Defendant") on the other hand, subject to the approval of the Court, that the Action is hereby compromised and settled pursuant to the terms and conditions set forth in this Joint Stipulation of PAGA Settlement and Release, and that the Court shall make and enter judgment, subject to the continuing jurisdiction of the Court as set forth below, and subject to the definitions, recitals, and terms set forth herein.

DEFINITIONS

1. "Action" means the court action, entitled "*Jose Luis Rosas-Higareda v. R & B Wholesale Distributors, Inc.*," Case No. CIVSB2432301, pending before the San Bernardino County Superior Court.

2. "Agreement" or "Settlement Agreement" means this Joint Stipulation of PAGA Settlement and Release.

3. "Approval Hearing" means the hearing to be conducted by the Court after the filing of an appropriate motion by Plaintiff, at which time Plaintiff shall request that the Court approve the Settlement Agreement, enter the Judgment, and take other appropriate action.

4. "Compensable Pay Periods" means the total number of pay periods during which a PAGA Member performed work for Defendant as a non-exempt employee in California during the PAGA Period, based on Defendant's records, and which shall be used to calculate Individual Settlement Payments. A pay period refers to any pay period in which a PAGA Member worked at least one (1) day.

5. "Complaint" means the operative First Amended Complaint filed by Plaintiff on or about December 23, 2024.

6. "Court" means the Superior Court of the State of California for the County of San Bernardino.

7. "Defendant" means R&B Wholesale Distributors, LLC (formerly known as R&B

Wholesale Distributors, Inc.) as named by Plaintiff in the operative complaint.

8. "Defense Counsel" means MEDINA McKELVEY LLP.

9. "Effective Date" means: the date by when both of the following have occurred: (a) the Court enters Judgment on its Order Approving the PAGA Settlement; and (b) the Judgment is final. The Judgement is final on the day the Court enters Judgment, provided there are no objections to the Settlement. If an objection is filed and not withdrawn, then the Effective Date shall be the later of: a) the date for filing an appeal, if no appeal is filed; or b) if any timely appeals are filed, the date of the resolution (or withdrawal) of any such appeal in a way that does not alter the terms of the Settlement.

10. "Gross Settlement Amount" or "GSA" means the maximum amount Defendant shall have to pay in connection with this Settlement, in the amount of Three Hundred Sixty Thousand Dollars ($360,000.00). The Gross Settlement Amount is non-reversionary and inclusive of: (1) Plaintiff's Counsel's Fees; (2) Plaintiff's Counsel's Costs; (3) Settlement Administration Costs; (4) Plaintiff's Incentive Payment; and (5) Payment of PAGA penalties to be paid to the LWDA and PAGA Members.

11. "Individual Settlement Payment" means the amount payable to each PAGA Member under the terms of the Agreement.

12. "IWC" means California's Industrial Welfare Commission.

13. "Judgment" means the final order and judgment to be entered by the Court granting approval of the Settlement.

14. "LWDA" means the California Labor and Workforce Development Agency.

15. "Net Settlement Amount" or "NSA" means the Gross Settlement Amount, less Plaintiff's Counsel's Fees and Costs, Settlement Administration Costs, and Plaintiff's Incentive Payment.

16. "Notice" means the Notice of PAGA Settlement in a form substantially similar to the form attached hereto as Exhibit A, which shall be subject to Court approval and which the Settlement Administrator shall mail to each of the PAGA Members in English and Spanish in conjunction with their Individual Settlement Payment.

17. "PAGA" means the Private Attorneys General Act of 2004, California Labor Code section 2698, *et seq*.

18. "PAGA Member" or "PAGA Members" means all current and former non-exempt employees of Defendant who were employed by Defendant in the state of California at any time during the PAGA Period.

19. "PAGA Member List" means information regarding the PAGA Members that Defendant shall diligently and in good faith compile from its records and shall be authorized by the Court to transmit in a secure and confidential manner to the Settlement Administrator. The PAGA Members List will be formatted in a readable Microsoft Office Excel spreadsheet and will include each PAGA Member's: (1) full name; (2) last known home address; (3) last known telephone number; (4) social security number; (5) total Pay Periods during the PAGA Period; and (6) any other information required by the Settlement Administrator in order to effectuate the terms of the Settlement. This is a material term of the Settlement, and if Defendant materially fails to comply, Plaintiff shall have the right to void the Settlement.

20. "PAGA Notice" means the collective correspondence submitted by Plaintiff's Counsel to the LWDA on or about October 14, 2024, pursuant to California Labor Code section 2699.3(a)(1).

21. "PAGA Penalties" means any civil penalty that can be assessed or collected by the LWDA or any of its departments, divisions, commissions, boards, agencies, or employees, for a violation of the California Labor Code; and any civil penalty that may be recovered through a civil action brought by an aggrieved employee on behalf of himself or herself and other current or former employees pursuant to the PAGA, Labor Code §§ 2698, *et seq*.

22. "PAGA Period" means the period from October 20, 2023, through January 18, 2026.

23. "Parties" means Plaintiff and Defendant, collectively.

24. "Party" means either Plaintiff or Defendant, individually.

25. "PAGA Fund" means 35% of the NSA that will be distributed among the PAGA Members.

26. "Plaintiff" means Plaintiff Jose Luis Rosas-Higareda.

27. "Plaintiff's Counsel" means Protection Law Group, LLP.

28. "Plaintiff's Counsel Award" means the amount that the Court authorizes to be paid to Plaintiff's Counsel for its reasonable attorneys' fees and costs incurred to litigate and resolve this Action, which shall be paid from the Gross Settlement Amount. Plaintiff's Counsel will request attorneys' fees not to exceed one-third (1/3) of the Gross Settlement Amount, *i.e.* One Hundred Twenty Thousand Dollars ($120,000.00), and the reimbursement of costs and expenses associated with the litigation and settlement of the Action, not to exceed Twenty-Five Thousand Dollars ($25,000.00), subject to the Court's approval. Defendant has agreed not to oppose Plaintiff's Counsel's request for fees and reimbursement of costs and expenses in the amounts set forth above.

29. "Plaintiff's Incentive Payment" means the amount that the Court authorizes to be paid to Plaintiff in recognition of Plaintiff's effort and the risk taken in assisting with the prosecution of the Action and in exchange for the General Release of his claims, as provided herein, in the amount of Seven Thousand Five Hundred Dollars ($7,500.00), subject to Court approval.

30. "Released Claims" means all claims for penalties and attorneys' fees and costs recoverable under PAGA which Plaintiff, the state of California and/or the LWDA had, or may claim to have, against Released Parties, based on the facts alleged in the in the operative Complaint or any PAGA notice submitted by Plaintiff to the LWDA, for the PAGA Period, including PAGA penalties arising from the following claims: (1) failure to pay all minimum wages; (2) failure to pay overtime compensation; (3) failure to provide meal periods; (4) failure to provide rest periods; (5) failure to timely pay wages due upon termination; (6) failure to timely pay wages during employment; (7) failure to provide accurate, itemized wage statements; and (8) failure to maintain accurate records (Cal. Lab. Code §§ 201-203, 204, 210, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2699.5, 2800, 2802, and 2698, *et seq.*, and all applicable IWC Wage Orders) (collectively, the "Released Claims"). This release shall apply to claims arising during the PAGA Period and will be binding

and effective upon Plaintiff, the state of California and the LWDA regardless of whether any PAGA Members fail to cash their respective settlement checks.

31. "Plaintiff's Additional Released Claims" means the Released Claims and any and all claims, demands, rights, liabilities, and/or cause or causes of action, whether known or unknown, which have been or could have been asserted by Plaintiff, or Plaintiff's heirs, successors and/or assigns, against Defendant and/or any of the Released Parties arising at any time prior to the execution of this Agreement, including but not limited to any and all claims which arose out of or are in any way connected to Plaintiff's employment with Defendant and all claims alleged in the Action. This release specifically excludes claims for unemployment insurance, social security, workers' compensation (except for claims pursuant to Labor Code sections 132a and 4553), and any other claims that cannot be released by law.

As to Plaintiff's Additional Released Claims, Plaintiff expressly waives all rights and benefits under the terms of section 1542 of the California Civil Code. Section 1542 reads as follows:

> "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."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all of his Released Claims, Plaintiff expressly acknowledges that this Settlement is intended to include in its effect, without limitation, all Released Claims which Plaintiff does not know or suspect to exist in his favor at the time of execution hereof, and that the Settlement contemplates the extinguishment of all such Released Claims.

32. "Released Parties" means Defendant R&B Wholesale Distributors, LLC (formerly known as R&B Wholesale Distributors, Inc.) and its past, present and/or future officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates,

divisions, predecessors, successors, assigns, and joint venturers.

33. "Settlement Administrator" means Phoenix Settlement Administrators.

34. "Settlement Administration Costs" means the reasonable costs and fees of administering the Settlement to be paid from the Gross Settlement Amount, including, but not limited to: (i) printing, mailing, and re-mailing (if necessary) the Notice and payments to the PAGA Members; (ii) preparing and submitting to PAGA Members and government entities all appropriate tax filings and forms; (iii) computing the amount of and distributing Individual Settlement Payments, Plaintiff's Incentive Payment, Plaintiff's Counsel Award, and the PAGA payment to the LWDA; (iv) establishing a Qualified Settlement Fund, as defined by the Internal Revenue Code; and (vi) preparing and submitting filings required by law in connection with the payments required by the Settlement.

RECITALS

35. On October 14, 2024, Plaintiff, through Plaintiff's Counsel, filed a letter notifying the LWDA of his intent to seek penalties under the Private Attorneys General Act and provided copies of this letter to Defendant via certified mail.

36. On October 24, 2024, Plaintiff initially filed this matter as a Class Action against Defendant in the San Bernardino County Superior Court, entitled "*Jose Luis Rosas-Higareda v. R & B Wholesale Distributors, Inc.*," Case No. CIVSB2432301.

37. On December 23, 2024, following the expiration of the statutory notice period, Plaintiff filed his First Amended Class and Representative Action Complaint ("FAC") alleging an additional cause of action for violation of California Labor Code section 2699, *et seq*. ("PAGA").

38. On January 21, 2025, Defendant filed its Answer to Plaintiff's FAC.

39. After the filing of the Action, Defendant presented Plaintiff with an arbitration agreement executed by Plaintiff during his employment, which included a class action waiver. As such, Plaintiff agreed to proceed solely on a representative basis under PAGA. Thereafter, the Parties executed a Joint Stipulation Regarding Discovery and Mediation, staying the matter pending the outcome of private mediation on a PAGA-only basis.

40. The Action asserts PAGA claims and seeks an award of reasonable attorneys' fees and costs.

41. The Parties have conducted a thorough investigation into the facts of the Action. This included exchanging extensive data and information as well as documents relating to the underlying alleged violations. In addition, the Parties attended a full day mediation with mediator Tagore Subramaniam on November 19, 2025.

42. The Parties reached this Settlement after extensive informal discovery and investigation, including exchanging documents and information through informal productions. Prior to mediation, Defendant produced, and Plaintiff reviewed, a substantial amount of data and documents relating to the size and scope of the PAGA members that permitted an analysis and evaluation of Plaintiff's representative claims.

ACKNOWLEDGEMENTS

43. Estimated Number of Aggrieved Employees. Defendant's employment records reflect there are approximately two hundred forty-five (245) current and former non-exempt employees encompassed in this Action.

44. Fair, Adequate, and Reasonable Settlement. The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action, and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.

45. Benefits of Settlement to PAGA Members. Plaintiff and Plaintiff's Counsel recognize the expense and length of continued proceedings necessary to continue the litigation against Defendant through trial and through any possible appeals. Plaintiff and Plaintiff's Counsel also have taken into account the uncertainty and risk of further litigation, the potential outcome, and the difficulties and delays inherent in such litigation. After having engaged in extensive settlement negotiation, Plaintiff and Plaintiff's Counsel believe the settlement set forth in this Agreement is a fair, adequate, and reasonable settlement, and is in the best interests of the PAGA Members.

46. Benefits of Settlement to Defendant. While Defendant maintains that it complied

with applicable laws at all times and that Plaintiff's claims are meritless, Defendant also recognizes that the continued defense of the Action will be protracted and expensive. Substantial amounts of Defendant's time, energy, and resources have been and, unless this Settlement is made, will continue to be devoted to the defense of the claims asserted by Plaintiff. Defendant, therefore, enters into this Agreement with no admission of liability whatsoever, and for the sole purpose of compromising and settling the Action to avoid the cost, uncertainty and operational burden of continuing litigation.

47. No Admission of Liability. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims and allegations in the Action have merit or that Defendant bears any liability to Plaintiff, the State of California, or the PAGA Members on such claims or any other claims. Defendant vigorously denies the claims and each of the allegations asserted in this Action. Defendant further specifically denies any non-compliance, intentional or otherwise, with the statutory requirements of the California Labor Code and/or the applicable IWC Wage Orders. Defendant also denies that Plaintiff or any of the PAGA Members have suffered damages by virtue of Defendant's conduct, or that Defendant's conduct warrants penalization.

48. Reservation of Rights. Defendant expressly reserves the right and declares that it intends to oppose and defend against this Action vigorously should this Settlement not be granted approval by the Court or be modified or reversed on appeal or otherwise not become final. If for any reason this Agreement does not become effective, Defendant reserves the right to defend against this Action on any basis. Defendant does not concede the merits of Plaintiff's contentions, nor the existence of any damages or penalties, but has agreed to resolve the litigation through this Settlement in recognition of the expense and risk of continuing with the litigation and in the belief that the settlement is fair, adequate and reasonable. Therefore, in entering into this Agreement, it is the Parties' mutual intention and agreement that if for any reason this Settlement Agreement does not become final, Defendant will retain all rights to defend against this Action, and the fact of this Settlement may not be used by Plaintiff in support of any

argument against Defendant. Defendant will not be deemed to have waived, limited, or affected in any way any of its claims, rights, remedies, objections or defenses in the Action.

49. Non-Evidentiary Use. Neither this Agreement nor its terms, nor any statements or conduct in the negotiation or drafting of it, shall be admissible, offered or used as evidence by Plaintiff, any PAGA Members, or their respective counsel in the Action or in any other proceeding as evidence of liability or wrongdoing by Defendant and/or the Released Parties, or for any purpose whatsoever. This Agreement may be used by Defendant and/or the Released Parties to prove or defend against any claim released herein by Plaintiff or any PAGA Member in any claim or threatened claim, including but not limited to any judicial, quasi-judicial, administrative, or governmental proceeding. This Agreement shall not be subject to collateral attack by any PAGA Member. Such prohibited collateral attack shall include, but is not limited to, claims the PAGA Members failed, for any reason, to timely receive or cash his or her Individual Settlement Payment.

TERMS OF SETTLEMENT

NOW THEREFORE, in consideration of the mutual covenants, promises, and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

50. Binding Settlement. This Settlement shall bind the Parties, all PAGA Members, the state of California, and the LWDA, subject to the terms and conditions hereof and the Court's approval.

51. Submissions to LWDA. Plaintiff's Counsel shall submit a copy of this Agreement to the LWDA at the same time it is submitted to the Court in accordance with the requirements set forth in California Labor Code section 2699(s)(2). Plaintiff's Counsel shall also be responsible for submitting to the LWDA a copy of the Court's judgment and any other orders that award or deny penalties to the LWDA.

52. Release by Plaintiff, the state of California, and the LWDA. Plaintiff, the state of California, and the LWDA shall be deemed to have released their respective Released Claims against the Released Parties upon the Effective Date. In addition, Plaintiff shall also be deemed to have released Plaintiff's Additional Released Claims against the Released Parties upon the

Effective Date.

53. Gross Settlement Amount. Subject to the terms and conditions of this Agreement, Defendant shall pay the maximum Gross Settlement Amount ("GSA") of Three Hundred Sixty Thousand Dollars ($360,000.00) as a non-reversionary, all-inclusive settlement amount to settle this Action.

54. Funding and Allocation of the GSA: Defendant shall deposit the GSA with the Settlement Administrator no later than thirty (30) days after the Effective Date. Defendant shall be deemed to have fully met its payment obligations under this Agreement upon transfer and/or deposit of the GSA and shall assume no responsibility for the security or distribution of settlement funds following transfer and/or deposit of the GSA. Defendant shall have no further obligations under this Agreement after transferring the GSA to the Settlement Administrator. If this Settlement is not finally approved by the Court in full, or is terminated, rescinded, canceled, or fails to become effective for any reason, or if the Effective Date does not occur, then no portion of the Gross Settlement Amount shall be paid by Defendant.

55. GSA Disbursement Recipients. Subject to the terms and conditions of this Agreement, the Settlement Administrator shall disburse the GSA as follows:

a. Plaintiff's Incentive Payment. Subject to Court approval, Plaintiff shall be paid an incentive payment not to exceed Seven Thousand Five Hundred Dollars ($7,500.00), or any lesser amount as awarded by the Court, for his time and effort in bringing and presenting the Action and for releasing the Released Claims and Additional Released Claims. Defendant shall not oppose or object to Plaintiff's request for an incentive payment in an amount not to exceed Seven Thousand Five Hundred Dollars ($7,500.00). The incentive payment shall be paid to Plaintiff from the GSA no later than fourteen (14) days after Defendant transfers the GSA to the Settlement Administrator. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiff for his incentive payment. Plaintiff shall be solely and legally responsible to pay any and all applicable taxes on his incentive payment and shall hold harmless Defendant, the Released Parties, Plaintiff's Counsel, and Defense Counsel from any claim or liability for taxes, penalties, or interest arising as a result of payment of the incentive payment. Plaintiff's Incentive Payment is in addition to Plaintiff's Individual Settlement Payment. Any amount requested by Plaintiff for an incentive payment and not awarded by the Court shall become part of the Net Settlement Amount.

b. Plaintiff's Counsel Award. Plaintiff's Counsel will apply to the Court for a Plaintiff's Counsel Award in an amount not to exceed one-third (1/3) of the GSA, which amounts to One Hundred Twenty Thousand Dollars ($120,000.00), and an award of reasonable costs to Plaintiff's Counsel in an amount not to exceed Twenty-Five Thousand Dollars ($25,000.00). Subject to the Court's approval, Plaintiff's Counsel shall provide the Settlement Administrator with a properly completed and signed IRS Form W-9 in order for the Settlement Administrator to process the Plaintiff's Counsel Award approved by the Court. In the event that the Court does not approve the entirety of the application for the Plaintiff's Counsel Award, the Settlement Administrator shall pay whatever amount the Court awards, and neither Defendant nor the Settlement Administrator shall be responsible for paying the difference between the amount requested and the amount awarded by the Court. If the amount awarded is less than the amount requested by Plaintiff's Counsel for the Plaintiff's Counsel Award, the difference shall become part of the Net Settlement Amount. Plaintiff's Counsel shall be paid any Court-awarded attorneys' fees and costs no later than fourteen (14) days after Defendant provides the Settlement Administrator with the GSA. Plaintiff's Counsel shall be solely and legally responsible to pay all applicable taxes on the Plaintiff's Counsel Award. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiff's Counsel for the Plaintiff's Counsel Award.

c. Settlement Administration Costs. The Settlement Administration fees and expenses, which are estimated not to exceed Four Thousand Seven Hundred and Fifty Dollars ($4,750.00) shall be paid from the GSA. The Parties agree to cooperate in the Settlement Administration process and to make all reasonable efforts to control and minimize Settlement Administration Costs.

56. NSA Disbursement Recipients. Following the foregoing GSA Disbursements of Court approved attorney's fees and costs, settlement administration expenses, and the Plaintiff's Incentive Payment, the remainder of the GSA shall constitute the Net Settlement Amount ("NSA"). Subject to the Court's approval, the NSA will be allocated as follows:

a. To the LWDA. The Settlement Administrator shall pay to the LWDA sixty-five percent (65%) of the NSA. The Settlement Administrator shall remit the LWDA payment no later than fourteen (14) days after Defendant transfers the GSA to the Settlement Administrator, or such other time as approved by the Court.

b. To the PAGA Members. The Settlement Administrator shall pay to the PAGA Members thirty-five percent (35%) of the NSA, defined herein as the "PAGA Fund," according to the Individual Settlement Payment Calculation set forth below. The PAGA Members shall not be required to submit a claim in order to receive a share of the NSA, and no portion of the NSA shall revert to Defendant or result in an unpaid residue.

57. Individual Settlement Payment Calculation. The Settlement Administrator shall calculate each individual Settlement Payment by: (1) dividing the number of Compensable Pay Periods he or she worked for Defendant during the PAGA Period, based on the PAGA Member List provided by Defendant, by the total number of Compensable Pay Periods worked by all PAGA Members during the PAGA Period; and (2) multiplying the result by the amount of the PAGA Fund.

a. Individual Settlement Payments shall be made by check and shall be made payable to each PAGA Member as set forth in this Agreement.

b. Individual Settlement Payments shall be allocated one hundred percent

(100%) as non-wage penalties not subject to payroll tax withholdings. The Settlement Administrator shall issue an IRS Form 1099 to each PAGA Member along with the Individual Settlement Payment.

c. Individual Settlement Payments shall remain negotiable for one hundred eighty (180) days from the date of mailing. If an individual Settlement Payment check remains uncashed after one hundred eighty (180) days from issuance, the Settlement Administrator shall distribute the value of the uncashed check to the State Controller's Unclaimed Property Fund in the name of the PAGA Member. In such event, such PAGA Member shall nevertheless remain bound by the Settlement.

d. It is expressly understood and agreed that the receipt of an Individual Settlement Payment shall not entitle any PAGA Member to additional compensation or benefits under any collective bargaining agreement or under any bonus, contest, or other compensation or benefit plan or agreement in place during the period covered by the Settlement, nor shall it entitle any PAGA Member to any increased pension and/or retirement, or other deferred compensation benefits. It is the intent of the Parties that the Individual Settlement Payments provided for in this Agreement are the sole payments to be made to the PAGA Members in connection with this Settlement, with the exception of Plaintiff, and that the PAGA Members are not entitled to any new or additional compensation or benefits as a result of having received an Individual Settlement Payment. Furthermore, the receipt of Individual Settlement Payments by the PAGA Members shall not, and does not, by itself, establish any general, special, or joint employment relationship between and among any PAGA Member and Defendant.

58. Settlement Administration. The Parties agree to select Phoenix Settlement Administrators as the Settlement Administrator. The Settlement Administrator shall be authorized to establish a Qualified Settlement Fund ("QSF") pursuant to IRS rules and

regulations in which the GSA shall be placed and from which payments by the Settlement Administrator as set forth herein shall be made. The Settlement Administrator shall be responsible for receiving, holding, administering, and disbursing the GSA in accordance with this Agreement and the Court's approval, including, without limitation, payment of all Court-approved settlement amounts, allocations, and expenses. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

a. Wiring Instructions. As soon as practicable and no later than two (2) business days following the Effective Date, the Settlement Administrator shall provide to Defendant complete wiring instructions for the GSA, including, without limitation, the name of the account, name of the bank, routing number, and bank account number or such other pertinent information which might be required by Defendant in order to effectuate payment in accordance with the terms of the Agreement.

b. GSA Disbursements. Within fourteen (14) days after Defendant transfers the GSA to the Settlement Administrator, the Settlement Administrator shall disburse the Plaintiff's Incentive Payment and Plaintiff's Counsel Award as set forth above.

c. PAGA Members List. Within fourteen (14) days of the Effective Date, Defendants shall deliver to the Settlement Administrator the PAGA Members List for purposes of mailing the Notice and Individual Settlement Payments to PAGA Members.

d. Notice by First Class U.S. Mail. Upon receipt of the PAGA Members List, the Settlement Administrator shall perform a search based on the National Change of Address Database maintained by the United States Postal Service to update and correct any known or identifiable address changes. Within fourteen (14) days of receiving the GSA from Defendant as provided herein, the Settlement Administrator shall mail copies of the Notice and each PAGA

Member's respective Individual Settlement Payment, to all PAGA Members via regular First Class U.S. Mail. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each PAGA Member. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the most current mailing address for each PAGA Member. The Parties agree that this procedure for notice provides the best notice practicable to PAGA Members and fully complies with due process.

e. Undeliverable Settlement Payments. Any Individual Settlement Payment returned to the Settlement Administrator as non-deliverable shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall promptly attempt to obtain an updated mailing address by the use of skip-tracing within five (5) business days of receiving the returned Individual Settlement Payment. If an updated mailing address is identified, the Settlement Administrator shall promptly resend the Individual Settlement Payment to the PAGA Member whose payment was returned as non-deliverable no later than three (3) business days from when the updated mailing address is obtained.

f. Determination of Individual Settlement Payments. The Settlement Administrator shall determine eligibility for, and the amount of, each Individual Settlement Payment under the terms of this Agreement. The Settlement Administrator's determination of the eligibility for and amount of each Individual Settlement Payment shall be binding upon the PAGA Members and the Parties, yet subject to review by Plaintiff's Counsel, Defense Counsel, and the Court. Defendant's records shall be presumed accurate.

g. Disputes Regarding Administration of Settlement. Any dispute not resolved by the Settlement Administrator concerning the administration of the Settlement shall be resolved by the Court.

h. Post-Distribution Declaration. Within two hundred (200) days of distributing the GSA, the Settlement Administrator shall provide to the Parties, for filing with the Court, a declaration verifying, under oath, that the Settlement Administrator has made disbursement of the GSA pursuant to the terms of this Agreement and the Court's PAGA Settlement Approval Order. In this declaration, the Settlement Administrator shall also provide an explanation of efforts to resend Notice Returns, a summary of claims paid, how many and the total amount of settlement checks that went uncashed, how many and the amounts that were undeliverable, and when the uncashed settlement funds were sent to the State Controller.

i. Monitoring and Reviewing Settlement Administration. The Settlement Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities required by the Settlement. The Parties have the right to monitor and review the administration of the Settlement to verify that the monies allocated under the Settlement are distributed in the correct amount, as provided for in this Agreement.

59. No Tax or Legal Advice. It is understood and agreed that neither Defendant or Defense Counsel, nor Plaintiff's Counsel are providing tax or legal advice, nor making representations regarding tax obligations or consequences, if any, related to this Agreement, and that PAGA Members will assume any such tax obligations or consequences that may arise from this Agreement, and that PAGA Members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. The Parties agree that, in the event that any taxing body determines that additional taxes are due from any PAGA Members, such PAGA Member assumes all responsibility for the payment of such taxes. Plaintiff and the PAGA Members should consult with their tax advisors concerning the tax consequences of the Individual Settlement Payments they receive pursuant to this Agreement.

60. Tax Consequences. Defendant makes no representations or warranties with respect to the tax consequences of the payments made under this Agreement. Plaintiff agrees and

understands that he is responsible for payment, if any, of local, state, and/or federal taxes on the payment made as consideration herein. Plaintiff further agrees to indemnify and hold Defendant harmless from any claims, demands, deficiencies, penalties, interest, assessments, judgments, or recoveries by any government agency against Defendant for any amounts claimed due on account of (a) Plaintiff's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by Defendant by reason of any such claims, including attorneys' fees and costs.

61. Circular 230 Disclaimer. The Parties acknowledge that (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties, Plaintiff's Counsel, or Defense Counsel and other advisers, is or was intended to be, nor shall any such communications or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon his, her, or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other party or any attorney or advisor to any other party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty that may be imposed on the acknowledging party; and (3) no attorney or adviser to any other party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement.

62. Approval of Settlement. Plaintiff shall be responsible for moving the Court to approve the Settlement and enter the Judgment. The Parties agree to work diligently and cooperatively to have this Settlement presented to the Court for approval, including working cooperatively in good faith to address any questions raised by the Court and making any amendments required by the Court to make any immaterial changes with counsels' signatures. Plaintiff's Counsel will be responsible for drafting the motion for approval of Settlement and all

documents necessary to obtain the Court's approval of the Settlement. Defendant agrees that it will not oppose Plaintiff's motion for approval of the Settlement.

63. Best Efforts. The Parties agree to use their best efforts to carry out the terms of this Settlement.

64. Escalator Clause. The GSA is based on Defendant's representation that the PAGA Members worked a total of approximately 7,321 Compensable Pay Periods from October 20, 2023, and November 18, 2025. Should the Compensable Pay Periods worked by the PAGA Members during the PAGA Period ultimately increase by more than 10% (i.e., by more than 732 Pay Periods), Defendant shall increase the GSA on a pro-rata basis equal to the percentage increase in the number of Pay Periods worked by the PAGA Members above 10%. For example, if the number of Compensable Pay periods increases by 11%, the GSA will increase by 1%. Alternatively, Defendant shall have the option to shorten the PAGA Period to end on a date when the number of Pay Periods during the PAGA Period does not exceed 8,053 (i.e., more than 10% above the estimated 7,321 Pay Periods between October 20, 2023, and November 18, 2025). In the event this provision is triggered, the Parties shall notify the Court and obtain an order granting approval of the revised settlement terms prior to the distribution of the GSA.

65. Approval Hearing and Entry of Judgment. An Approval Hearing shall be conducted to determine whether to grant approval of the Settlement, including determining the amounts properly payable for: (i) the Plaintiff's Counsel Award; (ii) the Plaintiff's Incentive Payment; and (iii) the Settlement Administration Costs.

66. Disputes. Should there be any dispute between the Parties as to the remaining terms of the Settlement after the Parties have exhausted all efforts to meet and confer in good faith about any such dispute, the Parties shall submit the dispute to the Court for its assistance in resolving the dispute.

67. Nullification of Settlement. If the Court fails to approve this Settlement for any reason, the Parties agree to meet and confer in good faith to exhaust all efforts to obtain approval of this Settlement from the Court. If the Court ultimately fails to approve this Settlement and all meet-and-confer efforts between the Parties have been exhausted, this Agreement shall be

rendered null and void, any order or judgment entered by the Court in furtherance of this Settlement shall be treated as void from the beginning, and this Agreement and any documents related to it shall not be used in any other civil, criminal, or administrative action against Defendant or any of the other Released Parties. In the event an appeal is filed from the Judgment, or any other appellate review is sought, administration of the Settlement shall be stayed pending final resolution of the appeal or other appellate review.

68. Adequacy of Consideration. The Parties agree that the consideration described herein constitutes adequate consideration for the Settlement and releases described herein.

69. No Publicity. The Parties and counsel agree that no Party or his/its counsel shall issue any press release to the news media, or communicate in any way with any news media, concerning the Settlement or the litigation. The Parties and their counsel further agree to keep the terms of the Settlement confidential until the filing of Plaintiff's motion for approval.

70. Exhibits and Headings. The terms of this Agreement include the terms set forth in any attached Exhibit(s), which are incorporated by this reference as though fully set forth herein. The Exhibits to this Agreement are an integral part of the Settlement. The descriptive headings of any paragraphs or sections of this Agreement are inserted for convenience of reference only.

71. Amendment or Modification. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest.

72. Entire Agreement. This Agreement and any attached Exhibits constitute the entire Agreement between the Parties, and no oral or written representations, warranties, or inducements have been made to Plaintiff or Defendant concerning this Agreement or its Exhibits other than the representations, warranties, and covenants contained and memorialized in this Agreement and its Exhibits. No other prior or contemporaneous written oral agreements may be deemed binding on the Parties, except for the Severance Agreement executed by Defendant and Plaintiff.

73. Authorization to Enter into Settlement Agreement. Plaintiff's Counsel and Defense Counsel warrant and represent they are expressly authorized by the Parties whom they

represent to negotiate this Agreement and to take all appropriate actions 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 the terms of this Agreement. The Parties, Plaintiff's Counsel, and Defense Counsel shall cooperate with each other and use their best efforts to effectuate the implementation of the Settlement. In the event that the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement. The individuals signing this Agreement on behalf of Defendant represent and warrant that they are authorized to sign on behalf of Defendant. Plaintiff represents and warrants that he is authorized to sign this Agreement and that he has not assigned any claim, or part of a claim, covered by this Settlement to a third-party. Plaintiff acknowledges that he has read this Agreement, that he fully understands his rights, privileges, and duties under the Agreement, and enters this Agreement freely and voluntarily. Plaintiff further acknowledges that he has had the opportunity to consult with his attorneys to explain the terms of this Agreement and the consequences of signing this Agreement. Additionally, the Parties have cooperated in the drafting and preparation of this Agreement. Hence, in any construction made of this Agreement, the same shall not be construed against any of the Parties.

74. Fees and Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with this Agreement and in connection with the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

75. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

76. California Law Governs. All terms of this Agreement and the Exhibits hereto shall be governed by and interpreted according to the laws of the State of California, without giving effect to any law that would cause the laws of any jurisdiction other than the State of California to be applied.

77. Counterparts. This Agreement may be executed in one or more counterparts. All

executed counterparts and each of them shall be deemed to be one and the same instrument.

78. Jurisdiction of the Court. Following entry of the Judgment, the Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith, and the Parties, Plaintiff's Counsel, and Defense Counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the Settlement embodied in this Agreement and all orders and judgments entered in connection therewith.

79. Invalidity of Any Provision. Before declaring any term or provision of this Agreement invalid, the Parties request that the Court first attempt to construe the terms or provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement as valid and enforceable. In the event any provision of this Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

[SIGNATURES ON FOLLOWING PAGE]

Dated: 2/3/2026

PLAINTIFF

Signed by:

By: ________

0A732B00940A4B2...

JOSE LUIS ROSAS-HIGAREDA

Dated: 2/12/2026

DEFENDANT

R&B WHOLESALE DISTRIBUTORS, LLC

Signed by:

By: Connie Espina

FDBB29358722496...

Name: Connie Espina

Title: COO

APPROVED AS TO FORM

MEDINA MCKELVEY LLP

DATED: February 9, 2026

____

Alex Medina, Esq.

Attorneys for Defendant.

PROTECTION LAW GROUP, LLC

DATED: 2/9/2026

s/Christine V. Reyes

Ryan T. Chuman
Arnel O. Tan
Christine V. Reyes
Attorneys for Plaintiff

EXHIBIT A

COURT APPROVED NOTICE OF PAGA SETTLEMENT

Jose Luis Rosas-Higareda v. R & B Wholesale Distributors, Inc.
San Bernardino Superior Court Case No. CIVSB2432301

The Superior Court for the State of California authorized this Notice. Read it carefully. It is not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

[Name]
[Address Line 1]
[Address Line 2]

Dear [Name]:

You are receiving this Notice because you are eligible to receive money as a result of a court-approved settlement in the above-referenced action (the "Lawsuit").

What is the Lawsuit About?

In the Lawsuit, Plaintiff Jose Luis Rosas-Higareda ("Plaintiff") asserted claims for civil penalties pursuant to the Private Attorneys General Act, California Labor Code § 2698 *et seq.* ("PAGA") against Defendant R&B Wholesale Distributors, Inc. (now known as R&B Wholesale Distributors, LLC) ("Defendant"), on behalf of himself and other current and former non-exempt employees that worked for Defendant during the period of October 20, 2023, through January 18, 2026 (the "PAGA Period").

Defendant denies Plaintiff's claims in their entirety and denies that it owes any civil penalties. To avoid further time and expense in litigation, Defendant and Plaintiff have agreed to settle the case. The settlement resolves and releases all the claims that were asserted and could have been asserted under PAGA based on the facts in the Lawsuit on behalf of all employees who worked in California for Defendant at any time during the PAGA Period ("PAGA Members").

What Are the Terms of the Settlement?

Plaintiff and Defendant reached a settlement of Three Hundred Sixty Thousand Dollars and Zero Cents ($360,000.00), which was reviewed and approved by the Court. Portions of the settlement amount go to the State of California's Labor and Workforce Development Agency, Plaintiff's counsel, Plaintiff and the Settlement Administrator. The remaining settlement amount goes to the PAGA Members. Defendant's records show that you are a PAGA Member and are entitled to a *pro rata* share of the settlement based on the number of pay periods you worked during the PAGA Period.

By agreeing to settle the Lawsuit, Defendant is not admitting liability on any of the factual allegations or legal claims in the Lawsuit. The Court has not decided whether Plaintiff's claims, or Defendant's defenses to those claims, are meritorious. By approving the Settlement and issuing this Notice, the Court is not suggesting which side would win or lose this case if it went to trial. Rather, the Court has determined only that there is sufficient evidence to suggest that the proposed Settlement is fair, adequate, and reasonable.

As a result of this Settlement, you, Plaintiff, and the State of California shall release Defendant, together with its past, present and/or future officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers, from all claims for penalties and attorneys' fees and costs recoverable under PAGA which Plaintiff, PAGA Members, and/or the LWDA had, or may claim to have, against Released Parties, based on the facts alleged in the operative Complaint or PAGA Notice, including penalties arising from the following claims: unpaid straight and overtime wages (including any work off-the-clock and non-productive time); failure to pay employees all minimum wages and overtime wages; failure to provide compliant meal and rest breaks; failure to pay all premium wages owed for short, late or missed meal and rest periods; failure to pay all wages owed at discharge or resignation; failure to timely pay wages within the times permissible under Labor Code section 204; failure to provide complete and accurate wage statements; failure to keep complete and accurate payroll records; and violations of Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2699.5, 2800, 2082, and 2698, *et seq*., and all applicable IWC Wage Orders that arose between October 20, 2023, through January 18, 2026. This means you cannot file a suit against Defendant for claims arising under PAGA during this period. It does not affect your right to bring an individual lawsuit or mean you have released any individual claims.

What Should I Do Now?

Enclosed with this Notice is your settlement check in the amount of: $__________. You may immediately deposit your enclosed settlement check and need not take any further action. Your settlement amount represents settlement of claims for penalties which will be paid without withholding any amount and shall be reported on an IRS Form 1099. An IRS Form 1099 will be distributed to you reflecting the payment you receive under the Settlement. You should consult with a tax professional concerning the tax consequences of the payment you receive under the Settlement.

The settlement check shall remain valid for one hundred eighty (180) days. Checks remaining un-cashed for more than 180 days after issuance will be tendered to the California Department of Unclaimed Property within fourteen (14) calendar days from the date on which the checks become void.

Who Are Plaintiff's Attorneys?

Protection Law Group, LLP
149 Sheldon Street
El Segundo, CA 90245
Phone: (424) 290-3095

Ryan T. Chuman
ryanc@protectionlawgroup.com
Arnel O. Tan
arnel@protectionlawgroup.com

How Can I Get More Information?

The pleadings and other records in this litigation may be examined online on the San Bernardino County Superior Court's website, known as "Case Information & Documents" at: https://cap.sb-court.org/.

After arriving at the website, click the "Search" button at the top of the page, and on "CASE NUMBER SEARCH" enter the Case Number "CIVSB2432301" and click "Search." Images of every document filed in the case may be viewed at a minimal charge. You may also view images of every document filed in the case at the court location at:

San Bernardino District
247 West 3rd St
San Bernardino, CA 92415

You can also telephone or send an email to the Settlement Administrator:

[NAME] , Email Address: , Mailing Address: Telephone:

THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION BY THE COURT AS TO THE MERITS OF THE CLAIMS OR DEFENSES BY EITHER SIDE IN THIS PROCEEDING.
PLEASE DO NOT TELEPHONE THE COURT, DEFENDANT, OR DEFENDANT'S COUNSEL REGARDING THIS NOTICE. THE COURT IS NOT ABLE TO PROVIDE ANY INFORMATION OR ADVICE REGARDING THIS NOTICE.