NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND DATE FOR FINAL APPROVAL HEARING

Matias, et al. v. Hospitality Staffing Solutions, LLC, et al.

(County of Santa Cruz, California Superior Court Case No. 23CV00490)

As a current or former non-exempt, hourly-paid California employee of defendants Hospitality Staffing Solutions, LLC or Kellermeyer Bergensons Services, LLC., you are entitled to receive money from a class action settlement.

Please read this Notice carefully. This Notice relates to a proposed settlement of class action litigation. If you are a Class Member, it contains important information about your right to receive a payment from the Settlement fund.

You have received this Notice of Class Action Settlement because the records of defendants Hospitality Staffing Solutions, LLC ("HSS") and Kellermeyer Bergensons Services, LLC ("KBS" and with HSS, "Defendants"), show that you are a "Class Member" and, therefore, entitled to a payment from this class action settlement. Class Members are all current and former non-exempt, hourly-paid employees who worked for Defendants in California at any time during the period from January 20, 2022 through December 26, 2024 for employees of KBS and from November 9, 2021 ("KBS Class Period") through December 26, 2024 for employees of HSS ("HSS Class Period" and with KBS Class Period hereinafter, the "Class Period").

- The settlement is to resolve a class action lawsuit, *Matias, et al. v. Hospitality Staffing Solutions, LLC, et al.*, pending in the Superior Court of California for the County of Santa Cruz, Case Number 23CV00490 (the "Lawsuit"), alleging: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to provide meal periods or compensation in lieu thereof; (4) failure to provide rest periods or compensation in lieu thereof; (5) failure to pay all wages due upon separation from employment; (6) failure to provide accurate wage statements; and (10) engaging in unfair competition within the meaning of Business and Professions Code section 17200. Plaintiffs also seek civil penalties under the California Labor Code Private Attorneys General Act of 2004 ("PAGA") for alleged violations of the Labor Code, among other claims.

- On ___________, the Santa Cruz County Superior Court granted preliminary approval of this class action settlement and ordered that all Class Members be notified of the Settlement. The Court has not made any determination of the validity of the claims in the Lawsuit. Defendants vigorously deny the claims in the Lawsuit and contend that it fully complied with all applicable laws.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND RECEIVE PAYMENT	Get a payment and give up your legal rights to pursue claims released by the settlement of the Lawsuit.
OPT OUT OF THE SETTLEMENT	Exclude yourself from the Settlement, get no payment for settlement of the class claims, and retain your legal rights to individually pursue the class claims that would otherwise be released by the settlement of the Lawsuit. If you worked at any time during the period from January 20, 2022 through December 26, 2024 for KBS or from November 9, 2021 through December 26, 2024 for HSS ("PAGA Period") as a non- exempt, hourly-paid

	employee, as well, then you will be deemed as "Aggrieved Employee" and you will still receive your share of the proceeds available from the settlement of the Released PAGA Claims, defined below, (your "Individual PAGA Payment") even if you opt out of the class settlement.
OBJECT TO THE SETTLEMENT	If you do not opt out, you may write to the Settlement Administrator, _______________, about why you object to the settlement, and they will forward your concerns to counsel which will then be provided to the Court. If the Court approves the Settlement despite your objection, you will still be bound by the Settlement. You or your attorney may also address the Court during the Final Approval Hearing scheduled for ____________ in Department 10 of the Santa Cruz Superior Court located at 701 Ocean Street Santa Cruz, CA 95060.

The Final Approval Hearing on the adequacy, reasonableness and fairness of the Settlement will be held on ____________, in the Santa Cruz Superior Court located at 701 Ocean Street Santa Cruz, CA 95060, in Department 10. You are not required to attend the Hearing, but you are welcome to do so.

Why Am I Receiving This Notice?

Defendants' records show that you currently work, or previously worked, for Defendants, as an hourly-paid, non-exempt employee in the State of California at some point during the Class Period. You were sent this Class Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all your options before the Court decides whether to finally approve the settlement. If the Court approves the settlement and then any objections and appeals are resolved, a "Settlement Administrator" appointed by the Court will make the payments described in this Notice. This Notice explains the Lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them and how to get them.

What is This Case About?

Juana Matias, Carmen Fernandez, Yolanda Membreno de Ayala, Maria Rodriguez de Paz, Heriberto Chavez Rodriguez, Hannah Knoerzer, and Graciela Lopez were hourly-paid, non-exempt employees of Defendants. They are the "Plaintiffs" in this case are suing on behalf of themselves and Class Members for, among other claims, Defendants; failure to pay overtime wages, failure to pay minimum wages, failure to provide meal periods or compensation in lieu thereof, failure to provide rest periods or compensation in lieu thereof, failure to pay all wages due upon separation from employment, failure to provide accurate wage statements, and engaging in unfair competition within the meaning of Business and Professions Code section 17200.

Based on the alleged Labor Code violations above-mentioned and other alleged Labor Code violations, Plaintiffs also seek penalties under California Labor Code Private Attorneys General Act ("PAGA"). Defendant denies all the allegations made by Plaintiff and denies that it violated any law.

The Court has made no ruling on the merits of Plaintiffs' claims. The Court has only preliminarily approved this class action settlement. The Court will decide whether to give final approval to this settlement at the Final Approval Hearing.

<u>Summary of the Settlement Terms</u>

Plaintiff and Defendant have agreed to settle this case on behalf of themselves and Class Members and Aggrieved Employees for the Gross Settlement Amount of $9,750,000.00, unless increased pursuant to the Settlement Agreement. The Gross Settlement includes (1) Administration Costs up to $75,000.00; (2) a service award of not more than $10,000.00 to each of the Plaintiffs, for a total amount of $70,000.00 to Plaintiffs, for their time and effort in pursuing this case; (3) up to one-third (1/3) of the Gross Settlement Amount in attorneys' fees which, unless increased pursuant to the Settlement Agreement, amounts to $3,250,000.00; (4) up to $70,000.00 in litigation costs to Class Counsel, according to proof; and (5) payment allocated to PAGA penalties in the amount of $200,000.00 of the Gross Settlement Amount toward PAGA penalties. Pursuant to the PAGA, seventy-five percent (75%) of the amount allocated toward PAGA, or $150,000.00, will be paid to the LWDA and twenty-five percent (25%), or $50,000.00, will be distributed to Aggrieved Employees. After deducting these sums, a total of approximately not less than $6,155,000.00 will be available for distribution to Class Members ("Net Settlement Amount")

The settlement is based on Defendants' representation that Class Members worked approximately 682,092 Workweeks between November 9, 2021 and September 27, 2024. In the event that the actual number of Workweeks worked between November 9, 2021 and December 26, 2024 (the end of the Class Period) increases by more than ten percent (10%) above 682,092, Defendants will at their option either (a) agree to increase the Gross Settlement Amount on a proportional basis for the percentage increase over ten percent (10%) (for example, if the number is 11% higher, the Gross Settlement Amount will be increased by 1%), or (b) agree to shorten and close the Class Period and PAGA Period on the date that is closest to without exceeding 750,301 Workweeks so as to eliminate the need to increase the Gross Settlement Amount.

<u>Distribution to Class Members</u>

Class Members who do not opt out will receive a *pro rata* payment of the Net Settlement Amount based on the number of weeks worked by Participating Class Members in hourly-paid, non-exempt positions for Defendant in California during the Class Period ("Eligible Workweeks"). Specifically, Class Members' payments will be calculated by dividing the Net Settlement Amount by the total number of Eligible Workweeks worked by all Participating Class Members during the Class Period, multiplied by the number of Eligible Workweeks attributed to the Class Member. Otherwise stated, the formula for a Class Member is: (Net Settlement Amount / total Settlement Class Eligible Workweeks) × Individual's Eligible Workweeks. In addition, Class Members who worked during the PAGA Period (*i.e.*, Aggrieved Employees) will receive a *pro rata* share of the $50,000.00 allocated to Aggrieved Employees as PAGA penalties, whether or not they opt out, based on the number of workweeks worked by each Aggrieved Employee during the PAGA Period.

Defendants' records indicate that you worked [Eligible Workweeks] Workweeks as a non-exempt, hourly-paid employee in California during the Class Period and [Eligible Pay Periods] Pay Periods during the PAGA Period. Based on these records, your estimated payment as a Class Member would be [$Estimated Award] and your estimated payment as an Aggrieved Employee would be [$Estimated Award]. If you believe this information is incorrect and wish to dispute it, you must mail a dispute to the Settlement Administrator no later than [Response Deadline]. Please include any documentation you have that you contend supports your dispute. You should send copies rather than originals because the documents will not be returned to you.

Tax Reporting

100% of the payments for PAGA penalties to Aggrieved Employees will be allocated as penalties reported on IRS Form 1099. 15% of each Settlement Payment to Class Members who do not opt out will be allocated as wages and reported on an IRS Form W-2, and 85% will be allocated as penalties and interest reported on IRS Form 1099. This notice is not intended to provide legal or tax advice on your Settlement Share.

Your check will be valid for 180 days after issuance. After 180 days, uncashed checks will be cancelled and the funds associated will be transmitted to the California State Controller's Unclaimed Property Fund in your name.

Your Options Under the Settlement

Option 1 – *Do Nothing and Receive Your Payment*

If you do not opt out, you are automatically entitled to your Individual Settlement Payment (*i.e.*, your share of the Net Settlement Amount) because you are a Class Member.. If you do not timely and properly dispute your settlement share calculation, the settlement share determined by the Settlement Administrator shall be deemed final and, thus, not subject to any subsequent dispute by you, and you shall be paid that settlement amount. If you do not timely and properly opt out of the settlement, you will be bound by the entire release in the settlement and receive your Individual Settlement Payment, as well as your Individual PAGA Payment if you are also an Aggrieved Employee. **In other words, if you are a Class Member, you do not need to take any action to receive the settlement payment(s) set forth above**.

Class Members who do not submit a valid and timely opt out (pursuant to Option 2 below), will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all "Released Claims" he or she may have or had upon final approval of this Settlement and payment by Defendants to the Settlement Administrator.

Effective on the date when Defendants fully fund the entire Gross Settlement Amount and all employer-side payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Participating Class Members, Aggrieved Employees, and Class Counsel will release claims against all Released Parties as follows:

<u>Released Class Claims</u>: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release and discharge Released Parties from any and all claims and/or theories of liability that have been or could have been alleged or asserted in any of the pleadings that have been filed in the Actions, based on the facts alleged in any of the pleadings that have been filed in the Actions and in any related notices sent to the LWDA, including, but not limited to, claims for unpaid overtime, unpaid minimum wages, failure to provide meal and rest periods, failure to timely pay wages at termination, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain payroll records, failure to provide reporting time pay, unreimbursed business expenses, unfair and unlawful business practices. The release shall include claims arising under California Labor Code §§ 96, 200, 201, 201.3, 202, 203, 204, 210, 218.5, 218.6, 221, 222, 222.5, 223, 224, 226, 226.3, 226.7, 232, 232.5, 245, 245.5, 246, 246.5, 247, 247.5, 248, 248.1, 248.2, 248.3, 248.5, 248.6, 248.7, 249, 432, 432.5, 432.6, 510, 512, 516, 558, 558.1, 1174, 1174.5, 1182.12, 1194, 1194.2, 1195, 1197, 1197.1, 1197.5, 1198, 1198.5, 2802, 2804, 2810.3, 2810.5, 6401, 6402, 6403, the California Wage Orders, California Code of Regulations, Title 8, § 11000 et seq., and California Business & Professions Code §§ 17200 *et seq*.

Release PAGA Claims: All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from any and all claims and/or theories of liability for PAGA civil penalties that have been or could have been alleged or asserted in any of the pleadings that have been filed in the Actions and in any related notices sent to the LWDA, based on the facts alleged in any of the pleadings that have been filed in the Actions and in any related notices sent to the LWDA, including, but not limited to, PAGA civil penalties for unpaid overtime, unpaid minimum wages, failure to provide meal and rest periods, failure to timely pay wages at termination, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain payroll records, failure to provide reporting time pay, unreimbursed business expenses, unfair and unlawful business practices, and all claims for civil penalties or other remedies recoverable under Labor Code § 2698 et seq. (PAGA). The release shall include claims arising under California Labor Code §§ 96, 200, 201, 201.3, 202, 203, 204, 210, 218.5, 218.6, 221, 222, 222.5, 223, 224, 226, 226.3, 226.7, 232, 232.5, 245, 245.5, 246, 246.5, 247, 247.5, 248, 248.1, 248.2, 248.3, 248.5, 248.6, 248.7, 249, 432, 432.5, 432.6, 510, 512, 516, 558, 558.1, 1174, 1174.5, 1182.12, 1194, 1194.2, 1195, 1197, 1197.1, 1197.5, 1198, 1198.5, 2802, 2804, 2810.3, 2810.5, 6401, 6402, 6403, the California Wage Orders, and California Code of Regulations, Title 8, § 11000 et seq.

"Released Parties" means HSS, KBS, Walgreens Specialty Pharmacy, LLC, and Montage Laguna Beach, LLC, and each of their past and present corporate affiliates, subsidiaries, divisions, related entities, divested business and business units, and the board members, directors, officers, shareholders, owners, employees, agents, representative, attorneys, insurers, predecessors, successors, assigns, and/or any other persons acting on their behalf.

Option 2 – *Opt Out of the Settlement*

If you do not wish to receive your Individual Settlement Payment or release the Released Class Claims, you may exclude yourself by submitting a written request to be excluded from the Class. Your written request must include your name, address, email address or telephone number, last four (4) digits of your Social Security Number, your signature, and any statement standing for the proposition that you do not wish to participate in the settlement. Sign, date, and mail your written request for exclusion to the address below.

CPT Group
[Mailing Address]

To be valid, your written request for exclusion must be mailed and postmarked to the Administrator not later than [RESPONSE DEADLINE].

The proposed settlement includes the settlement of the Released PAGA Claims. An employee may not request exclusion from the settlement of a PAGA claim. Thus, if the court approves the settlement, then even if you request exclusion from the settlement, if you are an Aggrieved Employee, you will still receive your Individual PAGA Payment and will be deemed to have released the Released PAGA Claims. A request for exclusion will preserve your right, if any, to individually pursue only the Released Class Claims.

Option 3 – *Submit an Objection to the Settlement*

If you wish to object to the Settlement, you may submit an objection in writing by mail, stating why you object to the Settlement. Your written objection must provide your name, address, signature, telephone number, last four (4) digits of your Social Security Number, and a statement of whether you plan to appear at the Final Approval Hearing, and a statement of the reason(s), along with whatever legal authority, if any, why you believe that the

Court should not approve the Settlement. Your written objection must be mailed to the Administrator no later than [RESPONSE DEADLINE]. Please note that you cannot both object to the Settlement and opt out of the Settlement. If you exclude yourself, then your objection will be overruled. If the Court overrules your objection, you will be bound by the Settlement and will receive your Settlement Share.

Even if you don't submit a written objection, you may appear at the Final Approval Hearing and provide a verbal objection before the Court.

Final Approval Hearing

You may, if you wish, appear at the Final Approval Hearing set for __________ at _____ _.m. in Department 10 of the Santa Cruz Superior Court located at 701 Ocean Street Santa Cruz, CA 95060, and orally object to the Settlement, discuss your written objections with the Court and the Parties, or otherwise comment on the Settlement at your own expense. You may attend this hearing virtually by audio or video at https://lacourt.org/. You may also retain an attorney to represent you at the Hearing at your own expense.

Additional Information

This Notice of Class Action Settlement is only a summary of this case and the Settlement. For a more detailed statement of the matters involved in this case and the Settlement, you may call the Settlement Administrator at [PHONE NUMBER] or Class Counsel, whose information appears below:

BIBIYAN LAW GROUP, P.C.
David D. Bibiyan
david@tomorrowlaw.com
Vedang J. Patel
vedang@tomorrowlaw.com
1460 Westwood Boulevard
Los Angeles, California 90024
Tel: (310) 438-5555; Fax: (310) 300-1705

Bevin Allen Pike
Bevin.Pike@capstonelawyers.com
Daniel S. Jonathan
Daniel.Jonathan@capstonelawyers.com
Trisha K. Monesi
Trisha.Monesi@capstonelawyers.com
CAPSTONE LAW APC
1875 Century Park East, Suite 1000
Los Angeles, California 90067
Telephone: (310) 556-4811
Facsimile: (310) 943-0396

JAMES HAWKINS APLC
James R. Hawkins, Esq.
9880 Research Drive, Suite 200
Irvine, CA 92618
Tel.: (949) 387-7200

Fax: (949) 387-6676
Email: James@jameshawkinsaplc.com
christina@jameshawkinsaplc.com

HAINES LAW GROUP, APC
Paul K. Haines
phaines@haineslawgroup.com
Sean Blakely
SBlakely@haineslawgroup.com
2155 Campus Drive, Suite 180
El Segundo, California 90245
Tel: (424) 292-2350
Fax: (424) 292-2355

You may also visit the Settlement Administrator's website at [WEBSITE] to gain access to key documents in this case, including the Settlement Agreement, the Order Granting Preliminary Approval of this Settlement, the Order Granting Final Approval of this Settlement, and the Final Judgment.

You may also refer to the pleadings, the Settlement Agreement, and other papers filed in this case, which may be inspected at the Santa Cruz Superior Court located at 701 Ocean Street Santa Cruz, CA 95060, in Department 10, during regular business hours of each court day. You may also obtain these documents through the Court's website at https://www.santacruz.courts.ca.gov/online-services/case-lookup.

All inquiries by Class Members regarding this Notice of Class Action Settlement and/or the Settlement should be directed to the Settlement Administrator.

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