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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF SAN DIEGO

KAREN TRUELLE, an individual, on behalf
of herself, and on behalf of all persons
similarly situated,

Plaintiff,

v.

CHILDREN OF THE RAINBOW, INC., a
California corporation, and DOES 1-50,
Inclusive,

Defendants.

Case No.: 37-2022-00034860-CU-OE-CTL

[Action Filed: August 30, 2022]

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

1 This Stipulation of Settlement of Class and PAGA Action Claims and Release of Claims is
2 entered into by and between Plaintiffs KAREN TRUELLE and ANTHONY BROUSSARD
3 (hereinafter “Plaintiffs”), on behalf of themselves and on behalf of all persons similarly situated,
4 and Defendant CHILDREN OF THE RAINBOW, INC. (hereinafter “Defendant”):

5 **I. DEFINITIONS**

- 6 A. “Action” shall mean the consolidated putative class action lawsuit designated *Karen*
7 *Trudelle v. Children of the Rainbow, Inc.*, San Diego Superior Court Case No. 37-
8 2022-00034860-CU-OE-CTL, filed August 30, 2022, and the putative class action
9 lawsuit designated *Anthony Broussard v. Children of the Rainbow, Inc.*, San Diego
10 Superior Court Case No. 37-2023-00006660-CU-OE-CTL, filed February 14, 2023.
- 11 B. “Aggrieved Employees” means all non-exempt employees who are or previously
12 were employed by Defendant and performed work in California during the PAGA
13 Period.
- 14 C. “Agreement” or “Settlement Agreement” means this Stipulation of Settlement of
15 Class and PAGA Action and Release of Claims.
- 16 D. “Attorneys’ Expenses” means the award of expenses that the Court authorizes to be
17 paid to Class Counsel for the expenses they have incurred of up to \$25,000.00.
- 18 E. “Attorneys’ Fees” means the award of fees that the Court authorizes to be paid to
19 Class Counsel for the services they have rendered to Plaintiffs and the Settlement
20 Class in the Action, currently not to exceed one-third of the Gross Settlement
21 Amount currently estimated to be \$80,000.00 out of \$240,000.00. Attorneys’ fees
22 will be divided between Class Counsel as follows (25% to JCL Law Firm, APC, 25%
23 to Zakay Law Group, APLC, and 50% to Haines Law Group, APC).
- 24 F. “Claims Administration Expenses” shall mean the amount paid to the Settlement
25 Administrator from the Gross Settlement Amount for administering the Settlement
26 pursuant to this Agreement currently estimated not to exceed \$5,500.00.

- 1 G. "Class" or the "Class Members" means all non-exempt employees who are or
2 previously were employed by Defendant and performed work in California during the
3 Class Period.
- 4 H. "Class Counsel" shall mean Jean-Claude Lapuyade, Esq. of JCL Law Firm, APC,
5 Shani Zakay, Esq. of Zakay Law Group, APLC, and Paul Haines, Fletcher Schmidt,
6 and Matthew Moen of Haines Law Group, APC.
- 7 I. "Class Data" means information regarding Class Members that Defendant will in
8 good faith compile from its records and provide to the Settlement Administrator. It
9 shall be formatted as a Microsoft Excel spreadsheet and shall include: each Class
10 Member's full name; last known address; Social Security Number; start dates and end
11 dates of employment.
- 12 J. "Class Period" means the period between August 30, 2018 to June 30, 2023.
- 13 K. "Class Representatives" or "Plaintiffs" shall mean Karen Trudelle and Anthony
14 Broussard.
- 15 L. "Court" means the Superior Court for the State of California, County of San Diego
16 currently presiding over the Action.
- 17 M. "Defendant" shall mean Children of the Rainbow, Inc.
- 18 N. "Effective Date" means the earliest date, following entry by the Court (or Courts) of
19 an Order (or Orders) and judgment finally approving this Settlement, upon which one
20 of the following have occurred: (i) if no objection is filed to the settlement and no
21 objector appears at the hearing on final approval, the date of the Court's entry of the
22 order granting final approval, (ii) if an objection is filed to the settlement and/or an
23 objector appears at the hearing on final approval, then the earlier of the following: (a)
24 the expiration of all potential appeal periods without a filing of a notice of appeal of
25 the final approval order or judgment, i.e., sixty (60) days after the entry of the final
26 approval order and judgment; (b) final affirmance of the final approval order and
27 judgment by an appellate court as a result of any appeal(s), or (c) final dismissal or
28 denial of all such appeals (including any petition for review, rehearing, certiorari,

etc.) such that the final approval order and judgment concerning the Action is no longer subject to further judicial review. If this settlement is approved through motions in both Courts, then Effective Date shall mean the latter of both approvals.

O. “Funding Date” shall mean the date by which Defendant has paid the entire Gross Settlement Amount and paid the employer side payroll taxes to the Settlement Administrator in accord with the terms of this Agreement.

P. “Gross Settlement Amount” means Two Hundred and Forty Thousand Dollars and Zero Cents (\$240,000.00) that Defendant must pay into the QSF in connection with this Settlement, inclusive of the sum of the Individual Class Payments, Claims Administration Expenses, Class Counsel Attorneys’ Fees and Attorneys’ Expenses, Service Awards, and the PAGA Payment and *exclusive* of the employer’s share of payroll tax, if any, triggered by any payment under this Settlement.

Q. “Individual Class Payment” means the amount payable from the Net Settlement Amount to each Settlement Class Member and excludes any amounts distributed to Aggrieved Employees pursuant to PAGA.

R. “Individual PAGA Payments” means the amount payable from the Aggrieved Employee Payment to each Aggrieved Employee.

S. “Net Settlement Amount” or “NSA” means the Gross Settlement Amount, less Attorneys’ Fees and Attorneys’ Expenses, the Service Awards, PAGA Payment, and Claims Administration Expenses.

T. “Notice Packet” means the Class Notice to be provided to the Class Members by the Settlement Administrator in the form set forth as **Exhibit A** to this Agreement (other than formatting changes to facilitate printing by the Settlement Administrator).

U. “Operative Complaints” shall mean the First Amended Complaint filed by Plaintiff Trudelle on October 3, 2022 and the First Amended Complaint filed by Plaintiff Broussard on April 21, 2023.

V. “PAGA” means the California Labor Code Private Attorneys General Act of 2004, Labor Code § 2698 *et seq.*

- 1 W. "PAGA Payment" shall mean Ten Thousand Dollars (\$10,000) to be allocated from
2 the Gross Settlement Amount, with 25% of the payment going to the Aggrieved
3 Employees ("Aggrieved Employee Payment") and 75% of the payment going to the
4 Labor and Workforce Development Agency ("LWDA Payment"). The amount of the
5 PAGA Settlement is subject to Court approval pursuant to California Labor Code
6 section 2699(l). Any reallocation of the Gross Settlement Amount to increase the
7 PAGA Payment will not constitute grounds by either party to void this Agreement,
8 so long as the Gross Settlement Amount remains the same.
- 9 X. "PAGA Payment Ratio" means the respective Pay Periods during the PAGA Period
10 for each Aggrieved Employee divided by the sum total of the Pay Periods for all
11 Aggrieved Employees during the PAGA Period.
- 12 Y. "PAGA Pay Periods," for purposes of calculating the distribution of the Individual
13 PAGA Payments, as defined herein, means the number of pay periods of employment
14 during the PAGA Period that each Aggrieved Employee worked in California.
- 15 Z. "PAGA Period" means the period between July 28, 2021 to June 30, 2023.
- 16 AA. "Parties" means Plaintiffs and Defendant, collectively, and "Party" shall mean either
17 Plaintiffs or Defendant, individually.
- 18 BB. "Payment Ratio" means the respective Workweeks for each Class Member divided
19 by the sum total Workweeks for all Class Members during the Class Period.
- 20 CC. "QSF" means the Qualified Settlement Fund, which meets the requirements of a
21 Qualified Settlement Fund under US Treasury Regulation section 468B-1,
22 established, designated and maintained by the Settlement Administrator to fund the
23 Gross Settlement Amount.
- 24 DD. "Released Class Claims" shall mean a release from the Class Members, on behalf of
25 themselves and their respective former and present representatives, agents, attorneys,
26 heirs, administrators, successors, and assigns, of all class claims that were or
27 reasonably could have been alleged in the operative complaints which occurred
28 during the Class Period, and expressly excluding all other claims, including claims

for vested benefits, wrongful termination unemployment insurance, disability, social security, workers' compensation, and class claims outside of the Class Period.

EE. "Released PAGA Claims" shall mean a release from the Aggrieved Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, of all PAGA claims that were or reasonably could have been alleged in the operative complaints and Plaintiffs' PAGA notices to the LWDA which occurred during the PAGA Period, and expressly excluding all other claims, including claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and PAGA claims outside of the PAGA Period.

FF. "Released Parties" shall mean Defendant and each of its former and present directors, officers, shareholders, owners, employees, attorneys, insurers, predecessors, successors, assigns, subsidiaries, affiliates.

GG. "Response Deadline" means the date ninety (90) calendar days after the Settlement Administrator mails Notice Packets to Class Members and the last date on which Class Members may submit requests for exclusion or objections to the Settlement.

HH. "Service Awards" means an award in the amount of \$10,000 or in an amount that the Court authorizes to be paid to each of the Class Representatives, in addition to his or her Individual Class Payment and his or her Individual PAGA Payment, in recognition of his or her efforts and risks in assisting with the prosecution of the Action.

II. "Settlement" means the disposition of the Action pursuant to this Agreement.

JJ. "Settlement Administrator" means Apex Class Action Administration, 20371 Irvine Ave., Suite 110, Newport Beach, CA 92660; Tel: 1-800-355-0700; Fax: (949) 878-3536. The Settlement Administrator establishes, designates and maintains, as a QSF under Internal Revenue Code section 468B and Treasury Regulation section 1.468B-1, into which the amount of the Gross Settlement Amount is deposited for the purpose of resolving the claims of Settlement Class Members. The Settlement Administrator

1 shall maintain the funds until distribution in an account(s) segregated from the assets
2 of Defendant and any person related to Defendant. *All accrued interest shall be paid*
3 *and distributed to the Settlement Class Members as part of their respective*
4 *Individual Class Payment.*

5 KK. "Settlement Class Members" or "Settlement Class" means all Class Members who
6 have not submitted a timely and valid request for exclusion as provided in this
7 Agreement.

8 LL. "Workweeks," for purposes of calculating the distribution of the Net Settlement
9 Amount, means the number of weeks of employment during the Class Period that
10 each Class Member was employed by Defendant in California.

11 **II. RECITALS**

12 A. On July 28, 2022, Plaintiff Trudelle filed a Notice of Violations with the Labor and
13 Workforce Development Agency (LWDA) and served the same on Defendant.

14 B. On August 30, 2022, Plaintiff Trudelle filed a Class Action Complaint, alleging
15 claims for:

- 16 1. Unfair Competition in Violation of Cal. Bus. & Prof. Code §§ 17200 *et seq.*;
- 17 2. Failure to Pay Minimum Wage in Violation of Cal. Labor Code §§ 1194, 1197
18 and 1197.1
- 19 3. Failure to Pay Overtime Wages in Violation of Cal. Lab. Code §§ 510 *et seq.*;
- 20 4. Failure to Provide Required Meal Periods in Violation of Cal. Lab. Code §§
21 226.7, 512 and the Applicable Wage Order);
- 22 5. Failure to Provide Required Rest Periods in Violation of Cal. Lab. Code §§
23 226.7, 512 and the Applicable Wage Order);
- 24 6. Failure to Reimburse Employees for Required Expenses in Violation of Cal.
25 Lab. Code § 2802;
- 26 7. Failure to Provide Wages When Due in Violation of Cal. Lab. Code §§ 201,
27 202 and 203; and

8. Failure to Provide Accurate Itemized Wage Statements in Violation Cal. Lab. Code §§ 226 and 226.2.

C. On October 3, 2022, Plaintiff Trudelle filed a First Amended Complaint to add a claim for Violation of the Private Attorneys General Act [Labor Code §§ 2698 *et seq.*]

D. On February 14, 2023, Plaintiff Broussard filed a Notice of Violations with the Labor and Workforce Development Agency (LWDA) and served the same on Defendant.

E. On February 14, 2023, Plaintiff Broussard filed a Class Action Complaint, alleging claims for:

1. Minimum Wage Violations (Labor Code §§ 1182.12, 1194, 1194.2, 1197);
2. Failure to Pay All Overtime Wages (Labor Code §§ 204, 510, 558, 1194, 1198);
3. Meal Period Violations (Labor Code §§ 226.7, 512, 558);
4. Failure to Reimburse Necessary Business Expenses (Labor Code §§ 2802, 2804);
5. Wage Statement Violations (Labor Code § 226 *et seq.*);
6. Waiting Time Penalties (Labor Code § 201-203);
7. Unfair Competition (Bus & Prof Code § 17200 *et seq.*).

F. On April 21, 2022, Plaintiff Broussard filed a First Amended Complaint to add a claim for Violation of the Private Attorneys General Act [Labor Code §§ 2698 *et seq.*]

G. On September 22, 2023, the Parties filed a Stipulation to Consolidate the Trudelle and Broussard Actions.

H. The Class Representatives believe they have claims based on alleged violations of the California Labor Code, and the Industrial Welfare Commission Wage Orders, and that class certification is appropriate because the prerequisites for class certification can be satisfied in the Action, and this action is manageable as a PAGA representative action.

I. Defendant denies any liability or wrongdoing of any kind associated with the claims alleged in the Action, dispute any wages, damages and penalties claimed by the Class

Representatives are owed, and further contend that, for any purpose other than settlement, the Action is not appropriate for class or representative action treatment. Defendant contends, among other things, that at all times it complied with the California Labor Code and the Industrial Welfare Commission Wage Orders.

J. The Class Representatives are represented by Class Counsel. Class Counsel investigated the facts relevant to the Action, including conducting an independent investigation as to the allegations, reviewing documents and information exchanged through informal discovery, and reviewing documents and information provided by Defendant pursuant to informal requests for information to prepare for mediation. Defendant produced for the purpose of settlement negotiations certain employment data concerning the Settlement Class, which Class Counsel reviewed and analyzed with the assistance of an expert. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*"). Based on their own independent investigation and evaluation, Class Counsel are of the opinion that the Settlement with Defendant is fair, reasonable and adequate, and is in the best interest of the Settlement Class in light of all known facts and circumstances, including the risks of significant delay, defenses asserted by Defendant, uncertainties regarding class certification, and numerous potential appellate issues. Although it denies any liability, Defendant is agreeing to this Settlement solely to avoid the inconveniences and cost of further litigation. The Parties and their counsel have agreed to settle the claims on the terms set forth in this Agreement.

K. On June 20, 2023, the Parties participated in mediation presided over by Hon. Steven R. Denton (Ret.), a respected jurist and experienced mediator of wage and hour class and PAGA actions. Although the mediation concluded without a settlement, the Parties subsequently accepted a Mediator's Proposal, which was memorialized in the form of a Memorandum of Understanding.

1 L. This Agreement replaces and supersedes the Memorandum of Understanding and any
2 other agreements, understandings, or representations between the Parties. This
3 Agreement represents a compromise and settlement of highly disputed claims.
4 Nothing in this Agreement is intended or will be construed as an admission by
5 Defendant that the claims in the Action of Plaintiffs or the Class Members have merit
6 or that Defendant bears any liability to Plaintiffs or the Class on those claims or any
7 other claims, or as an admission by Plaintiffs that Defendant's defenses in the Action
8 have merit.

9 M. The Parties believe that the Settlement is fair, reasonable, and adequate. The
10 Settlement was arrived at through arm's-length negotiations, considering all relevant
11 factors. The Parties recognize the uncertainty, risk, expense, and delay attendant to
12 continuing the Action through trial and any appeal. Accordingly, the Parties desire to
13 settle, compromise and discharge all disputes and claims arising from or relating to
14 the Action fully, finally, and forever.

15 N. The Parties agree to certification of the Class for purposes of this Settlement only. If
16 for any reason the settlement does not become effective, Defendant reserves the right
17 to contest certification of any class for any reason and reserves all available defenses
18 to the claims in the Action.

19 Based on these Recitals that are a part of this Agreement, the Parties agree as follows:

20 **III. TERMS OF AGREEMENT**

21 A. Settlement Consideration and Settlement Payments by Defendant.

- 22 1. Settlement Consideration. In full and complete settlement of the Action, and
23 in exchange for the releases set forth below, Defendant will pay the sum of
24 the Individual Class Payments, the Service Awards, the Attorneys' Fees, and
25 Attorneys' Expenses, PAGA Payment, and the Claims Administration
26 Expenses, as specified in this Agreement, equal to the Gross Settlement
27 Amount of Two Hundred and Forty Thousand Dollars and Zero Cents
28 (\$240,000.00). The Parties agree that this is a non-reversionary Settlement and

1 that no portion of the Gross Settlement Amount shall revert to Defendant.
2 Other than the Defendant's share of employer payroll taxes and/or as provided
3 in paragraph 3 hereinbelow, Defendant shall not be required to pay more than
4 the Gross Settlement Amount.

5 2. Payment of the Gross Settlement Amount. Defendant shall fund the Gross
6 Settlement Amount in two payments, with the first payment of One Hundred
7 Thousand Dollars (\$100,000.00) to be made within seven (7) calendar days of
8 the Effective Date, and the second payment of One Hundred and Forty
9 Thousand Dollars (\$140,000.00) made within one (1) year of the first
10 payment. There will be no penalty for earlier payment by Defendant. If
11 Defendant fails to timely fund any of the two payments, Defendant shall have
12 ten (10) calendar days to cure the default from the date it receives notice of
13 the default. If Defendant fails to timely cure the default, Plaintiffs shall have
14 the right to seek an order enforcing this Settlement from the Court together
15 with an order for all costs and fees incurred enforcing this Agreement. Any
16 interest accrued in the QSF will be added to the NSA and distributed to the
17 Settlement Class Members.

18 3. Class Size. Defendant represents that the Settlement Class is comprised of 106
19 individuals who collectively worked approximately 12,962 workweeks during
20 the Class Period ("Projected Workweeks"). Prior to the filing of the motion
21 for Preliminary Approval, Defendant will provide Class Counsel with a
22 declaration under penalty of perjury confirming the number of Class Members
23 and Workweeks during the Class Period. Should the total number of
24 Workweeks worked by Class Members during the Class Period increase by
25 more than 10% (i.e., by more than 1,296 Workweeks), Defendant shall
26 increase the Gross Settlement Amount on a pro-rata basis equal to the
27 percentage increase in the number of Workweeks worked by Class Members
28

1 above 10%. In other words, if the excess is 12%, the increase will be by 2%,
2 and if the excess is 10% or lower, the increase will be zero (0%).

3 4. Defendant's Share of Payroll Taxes. Defendant's share of employer side
4 payroll taxes is in addition to the Gross Settlement Amount and shall be paid
5 together with the final payment on the Funding Date.

6 B. Release by Settlement Class Members. As of the Funding Date, in exchange for the
7 consideration set forth in this Agreement, Plaintiff and the Settlement Class Members
8 release the Released Parties from the Released Class Claims for the Class Period.

9 C. Release by the Aggrieved Employees. As of the Funding Date, in exchange for the
10 consideration set forth in this Agreement, the Plaintiff, the LWDA and the State of
11 California release the Released Parties from the Released PAGA Claims for the PAGA
12 Period. As a result of this release, the Aggrieved Employees shall be precluded from
13 bringing claims against Defendant for the Released PAGA Claims.

14 D. General Release by Plaintiff Broussard. As of the Funding Date, for the consideration
15 set forth in this Agreement, Plaintiff Broussard waives, releases, acquits and forever
16 discharges the Released Parties from any and all claims, actions, charges, complaints,
17 grievances and causes of action, of whatever nature, whether known or unknown,
18 which exist or may exist on their behalf as of the date of this Agreement, including but
19 not limited to any and all tort claims, contract claims, wage claims, wrongful
20 termination claims, disability claims, benefit claims, public policy claims, retaliation
21 claims, statutory claims, personal injury claims, emotional distress claims, invasion of
22 privacy claims, defamation claims, fraud claims, quantum meruit claims, and any and
23 all claims arising under any federal, state or other governmental statute, law, regulation
24 or ordinance, including, but not limited to claims for violation of the Fair Labor
25 Standards Act, the California Labor Code, the Wage Orders of California's Industrial
26 Welfare Commission, other state wage and hour laws, the Americans with Disabilities
27 Act, the Age Discrimination in Employment Act (ADEA), the Employee Retirement
28 Income Security Act, Title VII of the Civil Rights Act of 1964, the California Fair

1 Employment and Housing Act, the California Family Rights Act, the Family Medical
2 Leave Act, California's Whistleblower Protection Act, California Business &
3 Professions Code Section 17200 et seq., and any and all claims arising under any
4 federal, state or other governmental statute, law, regulation or ordinance. Plaintiff
5 Broussard also waives and relinquishes any and all claims, rights or benefits that he
6 may have under California Civil Code § 1542, which provides as follows:

7
8 ***A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE***
9 ***CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO***
10 ***EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE***
11 ***RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE***
12 ***MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE***
13 ***DEBTOR OR RELEASED PARTY.***

14
15 Thus, notwithstanding the provisions of section 1542, and to implement a full and
16 complete release and discharge of the Released Parties, Plaintiff Broussard expressly
17 acknowledges this Settlement Agreement is intended to include in its effect, without
18 limitation, all claims Plaintiff Broussard does not know or suspect to exist in Plaintiff
19 Broussard's favor at the time of signing this Settlement Agreement, and that this
20 Settlement Agreement contemplates the extinguishment of any such claims. Plaintiff
21 Broussard warrants that Plaintiff Broussard has read this Settlement Agreement,
22 including this waiver of California Civil Code section 1542, and that Plaintiff Broussard
23 has consulted with or had the opportunity to consult with counsel of Plaintiff
24 Broussard's choosing about this Settlement Agreement and specifically about the
25 waiver of section 1542, and that Plaintiff Broussard understands this Settlement
26 Agreement and the section 1542 waiver, and so Plaintiff Broussard freely and
27
28

1 knowingly enters into this Settlement Agreement. Plaintiff Broussard further
2 acknowledges that Plaintiff Broussard later may discover facts different from or in
3 addition to those Plaintiff Broussard now knows or believes to be true regarding the
4 matters released or described in this Settlement Agreement, and even so Plaintiff
5 Broussard agrees that the releases and agreements contained in this Settlement
6 Agreement shall remain effective in all respects notwithstanding any later discovery of
7 any different or additional facts. Plaintiff Broussard expressly assumes all risk of any
8 mistake in connection with the true facts involved in the matters, disputes, or
9 controversies released or described in this Settlement Agreement or with regard to any
10 facts now unknown to Plaintiff Broussard relating thereto.
11

12
13 E. Conditions Precedent. This Settlement will become final and effective only upon the
14 occurrence of all of the following events:

- 15 1. The Court enters an order granting preliminary approval of the Settlement;
- 16 2. The Court enters an order granting final approval of the Settlement and a Final
17 Judgment;
- 18 3. If an objector appears at the final approval hearing, the time for appeal of the
19 Final Judgment and Order Granting Final Approval of Class Action
20 Settlement expires; or, if an appeal is timely filed, there is a final resolution of
21 any appeal from the Judgment and Order Granting Final Approval of Class
22 Action Settlement; and
- 23 4. Defendant fully funds the Gross Settlement Amount.

24 F. Nullification of Settlement Agreement. In the event that this Settlement Agreement is
25 not preliminarily or finally approved by the Court, fails to become effective, or is
26 reversed, withdrawn or modified by the Court, or in any way prevents or prohibits
27 Defendant from obtaining a complete resolution of the Released Claims, or if
28 Defendant fails to fully fund the Gross Settlement Amount:

- 1 1. This Settlement Agreement shall be void *ab initio* and of no force or effect,
2 and shall not be admissible in any judicial, administrative or arbitral
3 proceeding for any purpose or with respect to any issue, substantive or
4 procedural;
- 5 2. The conditional class certification (obtained for any purpose) shall be void *ab*
6 *initio* and of no force or effect, and shall not be admissible in any judicial,
7 administrative or arbitral proceeding for any purpose or with respect to any
8 issue, substantive or procedural; and
- 9 3. None of the Parties to this Settlement will be deemed to have waived any
10 claims, objections, defenses, or arguments in the Action, including with
11 respect to the issue of class certification.
- 12 4. The Parties shall split equally (1/2 Defendant Children of the Rainbow, Inc.,
13 and 1/2 Plaintiff Trudelle, and Plaintiff Broussard), any cost to issue or reissue
14 any curative notice to the Settlement Class Members and all Claims
15 Administration Expenses incurred to the date of nullification, except in the
16 event that Defendant fails to fully fund the Gross Settlement Amount, in which
17 case Defendant shall be responsible for 100% of the cost Defendant fails to
18 fully fund the Gross Settlement Amount.

19 G. Certification of the Settlement Class. The Parties stipulate to conditional class
20 certification of the Class for the Class Period for purposes of settlement only. In the
21 event that this Settlement is not approved by the Court, fails to become effective, or is
22 reversed, withdrawn or modified by the Court, or in any way prevents or prohibits
23 Defendant from obtaining a complete resolution of the Released Claims, the
24 conditional class certification (obtained for any purpose) shall be void *ab initio* and of
25 no force or effect, and shall not be admissible in any judicial, administrative or arbitral
26 proceeding for any purpose or with respect to any issue, substantive or procedural.

27 H. Tax Liability. The Parties make no representations as to the tax treatment or legal
28 effect of the payments called for, and Class Members and/or Aggrieved Employees are

not relying on any statement or representation by the Parties in this regard. Class Members and/or Aggrieved Employees understand and agree that they will be responsible for the payment of any taxes and penalties assessed on the Individual Class Payments and/or Individual PAGA Payments described and will be solely responsible for any penalties or other obligations resulting from their personal tax reporting of Individual Class Payments and/or Individual PAGA Payments.

I. Circular 230 Disclaimer. Each Party to this Agreement (for purposes of this section, the “acknowledging party” and each Party to this Agreement other than the acknowledging party, an “other party”) acknowledges and agrees that: (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor shall any such communication 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.

J. Preliminary Approval Motion. Within thirty (30) calendar days of execution of this Agreement, or as soon thereafter as practicable, Plaintiffs shall file with the Court a Motion for Order Granting Preliminary Approval and supporting papers, which shall include this Settlement Agreement.

1 K. Settlement Administrator. The Settlement Administrator shall be responsible for:
2 establishing and administering the QSF; calculating, processing and mailing payments
3 to the Class Representatives, Class Counsel, LWDA and Class Members (the
4 Settlement Administrator shall have and use its own Employer Identification Number
5 for purposes of calculating payroll tax withholdings and providing reports state and
6 federal tax authorities); printing and mailing the Notice Packets to the Class Members
7 as directed by the Court; receiving and reporting the objections and requests for
8 exclusion; calculating, deducting and remitting all legally required taxes from
9 Individual Class Payments and distributing tax forms for the Wage Portion, the
10 Penalties Portion, and the Interest Portion of the Individual Class Payments and/or
11 Individual PAGA Payments; processing and mailing tax payments to the appropriate
12 state and federal taxing authorities; providing declaration(s) as necessary in support of
13 preliminary and/or final approval of this Settlement; and other tasks as the Parties
14 mutually agree or the Court orders the Settlement Administrator to perform. The
15 Settlement Administrator shall keep the Parties timely apprised of the performance of
16 all Settlement Administrator responsibilities by among other things, sending a weekly
17 status report to the Parties' counsel stating the date of the mailing, the of number of
18 Requests for Exclusion it receives (including the numbers of valid and deficient), and
19 number of objections received.

20 L. Notice Procedure.

21 1. Class Data. No later than ten (10) business days after the Preliminary
22 Approval Date, Defendant shall provide the Settlement Administrator with the
23 Class Data for purposes of preparing and mailing Notice Packets to the Class
24 Members.

25 2. Notice Packets.

26 a) The Notice Packet shall contain the Notice of Class Action Settlement
27 in a form substantially similar to the form attached as **Exhibit A**. The
28 Notice of Class Action Settlement shall inform Class Members and

1 Aggrieved Employee that they need not do anything in order to receive
2 an Individual Class Payment and/or Individual PAGA Payment and to
3 keep the Settlement Administrator apprised of their current mailing
4 address, to which the Individual Class Payment and/or Individual
5 PAGA Payment will be mailed following the Funding Date. The
6 Notice of Class Action Settlement shall set forth the release to be given
7 by all members of the Class who do not request to be excluded from
8 the Settlement Class and/or Aggrieved Employees in exchange for an
9 Individual Class Payment and/or Individual PAGA Payment, the
10 number of Workweeks worked by each Class Member during the
11 Class Period and PAGA Period, if any, and the estimated amount of
12 their Individual Class Payment if they do not request to be excluded
13 from the Settlement and Individual PAGA Payment, if any. The
14 Settlement Administrator shall use the Class Data to determine Class
15 Members' Workweeks and PAGA Pay Periods. The Notice will also
16 advise the Aggrieved Employees that they will release the Released
17 PAGA Claims and will receive their share of the PAGA Payment
18 regardless of whether they request to be excluded from the Settlement.

19 b) The Notice Packet's mailing envelope shall include the following
20 language: "IMPORTANT LEGAL DOCUMENT- YOU MAY BE
21 ENTITLED TO PARTICIPATE IN A CLASS ACTION
22 SETTLEMENT; A PROMPT REPLY TO CORRECT YOUR
23 ADDRESS IS REQUIRED AS EXPLAINED IN THE ENCLOSED
24 NOTICE."

25 3. Notice by First Class U.S. Mail. Upon receipt of the Class Data, the
26 Settlement Administrator will perform a search based on the National Change
27 of Address Database to update and correct any known or identifiable address
28 changes. No later than twenty one (21) calendar days after preliminary

1 approval of the Settlement, the Settlement Administrator shall mail copies of
2 the Notice Packet to all Class Members via regular First-Class U.S. Mail and
3 electronic mail. The Settlement Administrator shall exercise its best judgment
4 to determine the current mailing address for each Class Member. The address
5 identified by the Settlement Administrator as the current mailing address shall
6 be presumed to be the best mailing address for each Class Member.

7 4. Undeliverable Notices. Any Notice Packets returned to the Settlement
8 Administrator as non-delivered on or before the Response Deadline shall be
9 re-mailed to any forwarding address provided. If no forwarding address is
10 provided, the Settlement Administrator shall promptly attempt to determine a
11 correct address by lawful use of skip-tracing, or other search using the name,
12 address and/or Social Security number of the Class Member involved, and
13 shall then perform a re-mailing, if another mailing address is identified by the
14 Settlement Administrator. In addition, if any Notice Packets, which are
15 addressed to Class Members who are currently employed by Defendant, are
16 returned to the Settlement Administrator as non-delivered and no forwarding
17 address is provided, the Settlement Administrator shall notify Defendant.
18 Defendant will request that the currently employed Class Member provide a
19 corrected address, and transmit to the Administrator any corrected address
20 provided by the Class Member. Class Members who received a re-mailed
21 Notice Packet shall have their Response Deadline extended fifteen (15) days
22 from the original Response Deadline.

23 5. Disputes Regarding Individual Class Payments. Class Members will have the
24 opportunity, should they disagree with Defendant's records regarding the start
25 and end dates of employment to provide documentation and/or an explanation
26 to show contrary dates. If there is a dispute, the Settlement Administrator will
27 consult with the Parties to determine whether an adjustment is warranted. The
28 Settlement Administrator shall determine the eligibility for, and the amounts

1 of, any Individual Class Payments under the terms of this Agreement. The
2 Settlement Administrator's determination of the eligibility for and amount of
3 any Individual Class Payment shall be binding upon the Class Member and
4 the Parties.

5 6. Disputes Regarding Administration of Settlement. Any disputes not resolved
6 by the Settlement Administrator concerning the administration of the
7 Settlement will be resolved by the Court under the laws of the State of
8 California. Before any such involvement of the Court, counsel for the Parties
9 will confer in good faith to resolve the disputes without the necessity of
10 involving the Court.

11 7. Exclusions. The Notice of Class Action Settlement contained in the Notice
12 Packet shall state that Class Members who wish to exclude themselves from
13 the Settlement must submit a signed copy of the Request for Exclusion form
14 to the Settlement Administrator by the Response Deadline. A Request for
15 Exclusion form will be mailed together with the Notice Packet to all Class
16 Members. The Request for Exclusion will not be valid if it is not timely
17 submitted, if it is not signed by the Class Member, or if it does not contain the
18 name and address and last four digits of the Social Security number of the
19 Class Member. The date of the postmark on the mailing envelope or fax stamp
20 on the Request for Exclusion shall be the exclusive means used to determine
21 whether the request for exclusion was timely submitted. Any Class Member
22 who submits a timely Request for Exclusion shall be excluded from the
23 Settlement Class will not be entitled to an Individual Class Payment and will
24 not be otherwise bound by the terms of the Settlement or have any right to
25 object, appeal or comment thereon. However, any Class Member that submits
26 a timely Request for Exclusion that is also an Aggrieved Employee will still
27 receive his/her pro rata share of the PAGA Payment, as specified below, and
28 in consideration, will be bound by the Release by the PAGA Class as set forth

1 herein. Settlement Class Members who fail to submit a valid and timely
2 Request for Exclusion on or before the Response Deadline shall be bound by
3 all terms of the Settlement and any final judgment entered in this Action if the
4 Settlement is approved by the Court. No later than fourteen (14) calendar days
5 after the Response Deadline, the Settlement Administrator shall provide
6 counsel for the Parties with a final list of the Class Members who have timely
7 submitted timely Requests for Exclusion.

- 8 8. Objections. The Notice of Class Action Settlement contained in the Notice
9 Packet shall state that Class Members who wish to object to the Settlement
10 may submit to the Settlement Administrator a written statement of objection
11 (“Notice of Objection”) by the Response Deadline. The postmark date of
12 mailing shall be deemed the exclusive means for determining that a Notice of
13 Objection was served timely. The Notice of Objection, if in writing, must be
14 signed by the Settlement Class Member and state: (1) the case name and
15 number; (2) the name of the Settlement Class Member; (3) the address of the
16 Settlement Class Member; (4) the last four digits of the Settlement Class
17 Member’s Social Security number; (5) the basis for the objection; and (6) if
18 the Settlement Class Member intends to appear at the Final
19 Approval/Settlement Fairness Hearing. Class Members who fail to make
20 objections in writing in the manner specified above may still make their
21 objections orally at the Final Approval/Settlement Fairness Hearing with the
22 Court’s permission. Settlement Class Members will have a right to appear at
23 the Final Approval/Settlement Fairness Hearing to have their objections heard
24 by the Court regardless of whether they submitted a written objection. At no
25 time shall any of the Parties or their counsel seek to solicit or otherwise
26 encourage Class Members to file or serve written objections to the Settlement
27 or appeal from the Order and Final Judgment. Class Members who submit a
28

1 written request for exclusion may not object to the Settlement. Class Members
2 may not object to the PAGA Payment.

3 M. Defendant's Right to Withdraw. If the number of valid Requests for Exclusion
4 identified in the Exclusion List exceeds 10% of the total of all Class Members,
5 Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties
6 agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force
7 or effect whatsoever, and that neither Party will have any further obligation to perform
8 under this Agreement; provided, however, Defendant will remain responsible for
9 paying all Settlement Administration Expenses incurred to that point. Defendant must
10 notify Class Counsel and the Court of its election to withdraw not later than seven days
11 after the Administrator sends the final Exclusion List to Defense Counsel; late
12 elections will have no effect.

13 N. Funding and Allocation of the Gross Settlement Amount. Defendant is required to pay
14 the Gross Settlement Amount plus any employer's share of payroll taxes as mandated
15 by law within the time specified hereinabove.

16 1. Calculation of Individual Class Payments. Individual Class Payments shall
17 be paid from the Net Settlement Amount and shall be paid pursuant to the
18 formula set forth herein. Using the Class Data, the Settlement Administrator
19 shall add up the total number of Workweeks for all Class Members. The
20 respective Workweeks for each Class Member will be divided by the total
21 Workweeks for all Class Members, resulting in the Payment Ratio for each
22 Class Member. Each Class Member's Payment Ratio will then be multiplied
23 by the Net Settlement Amount to calculate each Class Member's estimated
24 Individual Class Payment. Each Individual Class Payment will be reduced by
25 any legally mandated employee tax withholdings (e.g., employee payroll
26 taxes, etc.). Individual Class Payments for Class Members who submit valid
27 and timely requests for exclusion will be redistributed to Settlement Class
28

Members who do not submit valid and timely requests for exclusion on a pro rata basis based on their respective Payment Ratios.

2. Calculation of Individual PAGA Payments to the Aggrieved Employees.

Using the Class Data, the Settlement Administrator shall add up the total number of PAGA Pay Periods for all Aggrieved Employees during the PAGA Period. The respective PAGA Pay Periods for each Aggrieved Employee will be divided by the total PAGA Pay Periods for all Aggrieved Employees, resulting in the “PAGA Payment Ratio” for each Aggrieved Employee. Each Aggrieved Employee’s PAGA Payment Ratio will then be multiplied by the Aggrieved Employee Payment to calculate each Aggrieved Employee’s estimated share of the PAGA Payment.

3. Allocation of Individual Class Payments. For tax purposes, Individual Class Payments shall be allocated and treated as 20% wages (“Wage Portion”), 40% penalties (“Penalties Portion”), and 40% pre-judgment interest (“Interest Portion”). The Wage Portion of the Individual Class Payments shall be reported on IRS Form W-2 and the Penalty Portion and Interest Portion of the Individual Class Payments shall be reported on IRS Form 1099 issued by the Settlement Agreement.

4. Allocation of Individual PAGA Payments. For tax purposes, PAGA Class Member Settlement Payments shall be allocated and treated as 100% penalties and shall be reported on IRS Form 1099.

5. No Credit Toward Benefit Plans. The Individual Class Payments and Individual PAGA Payments made to Settlement Class Members and/or Aggrieved Employees under this Settlement Agreement, as well as any other payments made pursuant to this Settlement Agreement, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave

1 plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention
2 that, subject to the releases set forth herein, this Settlement Agreement will
3 not increase any rights, contributions, or amounts to which any Class
4 Members may be entitled under any benefit plans.

5 6. All monies received by Settlement Class Members under the Settlement which
6 are attributable to wages shall constitute income to such Settlement Class
7 Members solely in the year in which such monies actually are received by the
8 Settlement Class Members. It is the intent of the Parties that Individual Class
9 Payments and Individual PAGA Payments provided for in this Settlement
10 Agreement are the sole payments to be made by Defendant to Settlement Class
11 Members and/or Aggrieved Employees in connection with this Settlement
12 Agreement, with the exception of Plaintiff, and that the Settlement Class
13 Members and/or Aggrieved Employees are not entitled to any new or additional
14 compensation or benefits as a result of having received the Individual Class
15 Payments and/or Individual PAGA Payments.

16 7. Mailing. Individual Class Payments and Individual PAGA Payments shall be
17 mailed by regular First-Class U.S. Mail to Settlement Class Members' and/or
18 Aggrieved Employees' last known mailing address no later than thirty (30)
19 business days after the Funding Date.

20 8. Expiration. Any checks issued to Settlement Class Members and Aggrieved
21 Employees shall remain valid and negotiable for one hundred and eighty (180)
22 days from the date of their issuance. If a Settlement Class Member and/or
23 Aggrieved Employee does not cash his or her settlement check within 90 days,
24 the Settlement Administrator will send a letter to such persons, advising that
25 the check will expire after the 180th day, and invite that Settlement Class
26 Member and/or Aggrieved Employee to request reissuance in the event the
27 check was destroyed, lost or misplaced. In the event an Individual Class
28 Payment and/or Individual PAGA Payment check has not been cashed within

one hundred and eighty (180) days, all funds represented by such uncashed checks, plus any interest accrued thereon, shall be paid to the Community Law Project pursuant to California Code of Civil Procedure section 386.

9. Service Awards. In addition to the Individual Class Payments and Individual PAGA Payments to be paid to Plaintiffs, Plaintiffs will apply to the Court for an award of not more than \$10,000.00 each, as the Service Award. Defendant will not oppose a Service Award of not more than \$10,000.00 for each Plaintiff. The Settlement Administrator shall pay the Service Awards, either in the amount stated herein if approved by the Court or some other amount as approved by the Court, to Plaintiffs from the Gross Settlement Amount no later than thirty (30) business days after the Funding Date. Any portion of the requested Service Awards that is not awarded to the Class Representatives shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Settlement Administrator shall issue an IRS Form 1099 — MISC to Plaintiffs for their Service Awards. Plaintiffs shall be solely and legally responsible to pay any and all applicable taxes on their Service Awards and shall hold harmless the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Service Awards. The Service Awards shall be in addition to Plaintiffs' Individual Class Payments as Settlement Class Members. Approval of this Settlement shall not be conditioned on Court approval of the requested amount of the Service Awards. If the Court reduces or does not approve the requested Service Awards, Plaintiffs shall not have the right to revoke the Settlement, and it will remain binding.

10. Attorneys' Fees and Attorneys' Expenses. Defendant understands Class Counsel will file a motion for Attorneys' Fees not to exceed one-third of the Gross Settlement Amount currently estimated to be \$80,000.00 *and* Attorneys' Expenses supported by declaration not to exceed Twenty-Five

1 Thousand Dollars and Zero Cents (\$25,000.00). Any awarded Attorneys'
2 Fees and Attorneys' Expenses shall be paid from the Gross Settlement
3 Amount. Any portion of the requested Attorneys' Fees and/or Attorneys'
4 Expenses that are not awarded to Class Counsel shall be part of the Net
5 Settlement Amount and shall be distributed to Settlement Class Members as
6 provided in this Agreement. The Settlement Administrator shall allocate and
7 pay the Attorneys' Fees to Class Counsel from the Gross Settlement Amount
8 no later than thirty (30) calendar days after the Funding Date. Class Counsel
9 shall be solely and legally responsible to pay all applicable taxes on the
10 payment made pursuant to this paragraph. The Settlement Administrator shall
11 issue an IRS Form 1099 — MISC to Class Counsel for the payments made
12 pursuant to this paragraph. If the Court reduces or does not approve the
13 requested Attorneys' Fees, or Attorneys' Expenses, Plaintiff and Class
14 Counsel shall not have the right to revoke the Settlement, or to appeal such
15 order, and the Settlement will remain binding.

- 16 11. PAGA Payment. Ten Thousand Dollars (\$10,000) shall be allocated from the
17 Gross Settlement Amount for settlement of claims for civil penalties under the
18 Private Attorneys General Act of 2004 ("PAGA Penalties"). The Settlement
19 Administrator shall pay seventy-five percent (75%) of the PAGA Payment
20 (\$7,500) to the California Labor and Workforce Development Agency no later
21 than thirty (30) business days after the Effective Date (hereinafter "LWDA
22 Payment"). Twenty-five percent (25%) of the PAGA Payment (\$2,500) will
23 be distributed to the Aggrieved Employees as described in this Agreement
24 (hereinafter "Aggrieved Employee Payment"). For purposes of distributing
25 the Individual PAGA Payments to the Aggrieved Employees, each Aggrieved
26 Employee shall receive their pro-rata share of the Aggrieved Employee
27 Payment using the PAGA Payment Ratio as defined above.

12. Claims Administration Expenses. The Settlement Administrator shall be paid for the costs of administration of the Settlement from the Gross Settlement Amount. The estimate of the Administration Costs is \$5,500.00. The Settlement Administrator shall be paid the Administration Costs no later than thirty (30) business days after the Funding Date.

O. Final Approval Motion. Class Counsel and Plaintiffs shall use best efforts to file with the Court a Motion for Order Granting Final Approval and Entering Judgment, within twenty-eight (28) days following the expiration of the Response Deadline, which motion shall request final approval of the Settlement and a determination of the amounts payable for the Service Awards, the Attorneys' Fees and Attorneys' Expenses, the PAGA Payment, and the Claims Administration Expenses.

1. Declaration by Settlement Administrator. No later than seven (7) days after the Response Deadline, the Settlement Administrator shall submit a declaration in support of Plaintiffs' motion for final approval of this Settlement detailing the number of Notice Packets mailed and re-mailed to Class Members, the number of undeliverable Notice Packets, the number of timely requests for exclusion, the number of objections received, the amount of the average Individual Class Payment and highest Individual Class Payment, the Claims Administration Expenses, and any other information as the Parties mutually agree or the Court orders the Settlement Administrator to provide.

2. Final Approval Order and Judgment. Class Counsel shall present an Order Granting Final Approval of Class Action Settlement to the Court for its approval, and Judgment thereon, at the time Class Counsel files the Motion for Final Approval.

N. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts to implement the Settlement.

- 1 O. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the Action,
2 except such proceedings necessary to implement and complete the Settlement, pending
3 the Final Approval/Settlement Fairness Hearing to be conducted by the Court
- 4 P. Amendment or Modification. This Agreement may be amended or modified only by
5 a written instrument signed by counsel for all Parties or their successors-in-interest.
- 6 Q. Entire Agreement. This Agreement and any attached Exhibit constitute the entire
7 Agreement among these Parties, and no oral or written representations, warranties or
8 inducements have been made to any Party concerning this Agreement or its Exhibit
9 other than the representations, warranties and covenants contained and memorialized
10 in this Agreement and its Exhibit.
- 11 R. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
12 represent they are expressly authorized by the Parties whom they represent to negotiate
13 this Agreement and to take all appropriate Action required or permitted to be taken by
14 such Parties pursuant to this Agreement to effectuate its terms, and to execute any other
15 documents required to effectuate the terms of this Agreement. The persons signing
16 this Agreement on behalf of Defendant represent and warrant that he/she is authorized
17 to sign this Agreement on behalf of Defendant. Plaintiffs represent and warrant that
18 they are authorized to sign this Agreement and that they have not assigned any claim,
19 or part of a claim, covered by this Settlement to a third-party.
- 20 S. No Public Comment: The Parties and their counsel agree that they will not issue any
21 press releases, initiate any contact with the press, respond to any press inquiry, or have
22 any communication with the press about the fact, amount or terms of the Settlement
23 Agreement. Class Counsel further agrees not to use the Settlement Agreement or any
24 of its terms for any marketing or promotional purposes. Nothing herein will restrict
25 Class Counsel from including publicly available information regarding this settlement
26 in future judicial submissions regarding Class Counsel's qualifications and experience.
27 Further, Class Counsel will not include, reference or use the Settlement Agreement for
28

any marketing or promotional purposes, either before or after the Motion for Preliminary Approval is filed.

T. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns of the Parties, as previously defined.

U. California Law Governs. All terms of this Agreement and the Exhibit and any disputes shall be governed by and interpreted according to the laws of the State of California.

V. 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 provided that counsel for the Parties to this Agreement shall exchange among themselves copies or originals of the signed counterparts.

W. This Settlement Is Fair, Adequate and Reasonable. The Parties believe this Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this Settlement after extensive arms-length negotiations, taking into account all relevant factors, present and potential.

X. Jurisdiction of the Court. The Parties agree that the Court shall retain jurisdiction over the Action under CCP section 664.6 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 and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement and all orders and judgments entered in connection with this Agreement.

Y. Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

Z. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class certification for purposes of this settlement only.

AA. No Admissions by the Parties. Plaintiffs have claimed and continue to claim that the Released Claims have merit and give rise to liability on the part of Defendant.

1 Defendant claims that the Released Claims have no merit and do not give rise to
2 liability. This Agreement is a compromise of disputed claims. Nothing contained in
3 this Agreement and no documents referred to and no action taken to carry out this
4 Agreement may be construed or used as an admission by or against the Defendant or
5 Plaintiffs or Class Counsel as to the merits or lack thereof of the claims asserted. Other
6 than as may be specifically set forth herein, each Party shall be responsible for and
7 shall bear its/his own attorney's fees and costs.

8
9 IT IS SO AGREED, FORM AND CONTENT, BY PLAINTIFFS:

10 DATED: Nov 6, 2023

Karen Trudelle
Karen Trudelle (Nov 6, 2023 10:12 PST)

Karen Trudelle

11 DATED: Nov 23, 2023

Anthony K. Broussard
Anthony K. Broussard (Nov 23, 2023 09:57 PST)

Anthony Broussard

12
13
14 IS SO AGREED, FORM AND CONTENT, BY DEFENDANT:

15
16 DATED: _____

Gale R Walker
Gale R Walker (Dec 1, 2023 08:03 PST)

Children of the Rainbow, Inc.

Gale R Walker

Printed Name

Owner

Title

17
18
19
20
21 IT IS SO AGREED AS TO FORM BY COUNSEL:

22 DATED: 11/06/2023

JCL LAW FIRM, A.P.C.

23
24 By: 

25
26 Attorneys for Plaintiffs, the Settlement Class Members,
27 and Aggrieved Employees
28

1
2 DATED: 11/06/2023

ZAKAY LAW GROUP, APLC

3
4 By: 

5 Attorneys for Plaintiffs, the Settlement Class Members,
6 and Aggrieved Employees

7 DATED: 11/27/2023

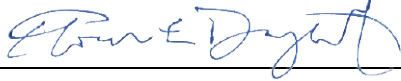
HAINES LAW GROUP, APC

8
9 By: 

10 Attorneys for Plaintiffs, the Settlement Class Members,
11 and Aggrieved Employees

12 DATED: December 1, 2023

KLINEDINST PC

13 By: 

14 Attorneys for Defendant

EXHIBIT A

**NOTICE OF PENDENCY OF CLASS ACTION SETTLEMENT
AND FINAL HEARING DATE**

(Trudelle v. Children of the Rainbow, Inc., San Diego County Superior Court Case No. 37-2022-00034860-CU-OE-CTL)

(Broussard v. Children of the Rainbow, Inc., San Diego County Superior Court Case No. 37-2023-00006660-CU-OE-CTL)

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE
READ THIS NOTICE CAREFULLY.**

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	To receive a cash payment from the Settlement, you do not have to do anything. Your estimated Settlement Share is: \$<<[REDACTED]>>. See the explanation below. After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained below. In exchange for the settlement payment, you will release claims against the Defendant as detailed below.
Exclude Yourself	If you wish to exclude yourself from the Settlement, you must send a written request for exclusion to the Settlement Administrator as provided below. If you request exclusion, you will receive no money from the Settlement. Instructions are set forth below.
Object	You may write to the Court about why you believe the settlement should not be approved. Directions are provided below.

1. Why did I get this Notice?

A proposed class action settlement (the “Settlement”) of these lawsuits pending in the Superior Court for the State of California, County of San Diego (the “Court”) has been reached between Plaintiff Karen Trudelle and Plaintiff Anthony Broussard (“Plaintiffs”) and Defendant Children of the Rainbow, Inc. (“Defendant”). The Court has granted preliminary approval of the Settlement. **You may be entitled to receive money from this Settlement.**

You have received this Class Notice because you have been identified as a member of the Class, which is defined as:

All non-exempt employees who are or previously were employed by Children of the Rainbow, Inc. and performed work in California during the Class Period.

The “Class Period” is the period of time running from August 30, 2018 to June 30, 2023.

This Class Notice explains the lawsuits, the Settlement, and your legal rights. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

On August 30, 2022, Plaintiff Trudelle filed a Complaint against Defendant in the Superior Court of the State of California, County of San Diego, *Trudelle v. Children of the Rainbow, Inc.*, Case No. 37-2022-00034860-CU-OE-CTL. Plaintiff asserted claims that Defendant: (a) Violated California Business and Professions Code § 17200 *et seq.*; (b) Failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197, and 1197.1; (c) Failed to pay overtime wages in violation of California Labor Code §§ 510, *et seq.*; (d) Failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (e) Failed to provide required rest periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (f) Failed to provide accurate and complete itemized wage statements in violation of California Labor Code § 226; (g) Failed to provide wages when due in violation of California Labor Code §§ 201, 202, and 203; and (h) Violated the Private Attorney General Act at Labor Code Section 2698, *et seq.* The lawsuit is referred to as the “*Trudelle*” lawsuit.

On February 14, 2023, Plaintiff Broussard filed a Complaint against Defendant in the Superior Court of the State of California, County of San Diego, *Broussard v. Children of the Rainbow, Inc.*, Case No. 37-2023-00006660-CU-OE-CTL. Plaintiff asserted claims that Defendant: (a) Violated California Business and Professions Code § 17200 *et seq.*; (b) Failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197, and 1197.1; (c) Failed to pay overtime wages in violation of California Labor Code §§ 510, *et seq.*; (d) Failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (e) Failed to reimburse necessary business expenses in violation of California Labor Code §§ 2802, 2804; (f) Failed to provide accurate and complete itemized wage statements in violation of California Labor Code § 226; (g) Failed to provide wages when due in violation of California Labor Code §§ 201, 202, and 203; and (h) Violated the Private Attorney General Act at Labor Code Section 2698, *et seq.* The lawsuit is referred to as the “*Broussard*” lawsuit.

For purposes of settlement, the *Trudelle* and *Broussard* lawsuits, have been consolidated, and are referred to collectively as the “Action”)

Defendant denies and disputes all claims asserted in the Action. Specifically, Defendant contends (and continues to contend) that the Actions could not properly be maintained as class actions; that Defendant properly paid members of the class all wages and overtime that was due; that Defendant provided members of the class with all legally required meal breaks and rest breaks; that Defendant paid any members of the class all wages due them at the time of their terminations; that Defendant provided accurate, itemized wage statements to members of the class; that Defendant did not violate California Business and Professions Code section 17200 *et seq.*; that Defendant fully reimbursed members of the class for required business expenses; and that Defendant are not liable for any of the penalties claimed or that could be claimed in the Actions.

On June 20, 2023, the Parties participated in an all-day mediation with Hon. Steven R. Denton (Ret.), a respected jurist and experienced mediator of wage and hour class and PAGA actions. The mediation concluded without a settlement. However, following the mediation, the Parties subsequently accepted a Mediator’s settlement proposal. The Court granted preliminary approval of the Settlement on <<INSERT PRELIMINARY APPROVAL DATE>>. At that time, the Court also preliminarily approved the Plaintiffs to serve as the Class Representatives, and the law firms of JCL Law Firm, APC, Zakay Law Group, APLC, and Haines Law Group, APC to serve as Class Counsel.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay an “all in” amount of Two Hundred and Forty Thousand Dollars (\$240,000) (the “Gross Settlement Amount”) to fund the settlement. The Gross Settlement Amount includes the payment of all Settlement Shares to Settlement Class Members, Class Counsel’s Attorneys’ Fees and

Expenses, Claims Administration Expenses, the LWDA Payment, the Aggrieved Employee Payment, and the Service Awards to the Plaintiffs.

After the Judgment becomes Final, Defendant will pay the Gross Settlement Amount by depositing the money with the Settlement Administrator. “Final” means the date the Judgment is no longer subject to appeal, or if an appeal is filed, the date the appeal process is completed and the Judgment is affirmed.

Amounts to be Paid from the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount, which will be subject to final Court approval, and which will be deducted from the Gross Settlement Amount before settlement payments are made to Class Members, as follows:

- Claims Administration Expenses. Payment to the Settlement Administrator, estimated not to exceed \$5,500.00 for expenses, including expenses of sending this Notice, processing opt-outs, and distributing settlement payments.
- Attorneys’ Fees and Expenses. Payment to Class Counsel of an award of attorneys’ fees of no more than 1/3 of the Gross Settlement Amount (currently \$80,000.00) and attorneys’ expenses of not more than \$25,000.00 for all expenses incurred as documented in Class Counsel’s billing records, both subject to Court approval. Class Counsel have been prosecuting the Actions on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses.
- Service Awards. Service Awards of up to Ten Thousand Dollars (\$10,000.00) to each Plaintiff, or such lesser amount as may be approved by the Court, to compensate them for services on behalf of the Class in initiating and prosecuting the Actions, and for the risks they undertook.
- PAGA Payment. A payment of \$10,000.00 relating to Plaintiffs’ claim under the Private Attorneys General Act (“PAGA”), \$7,500.00 of which will be paid to the State of California’s Labor and Workforce Development Agency (“LWDA”) and the remaining \$2,500 will be distributed to the Aggrieved Employees.
- Calculation of Payments to Settlement Class Members. After all the above payments of the court-approved Class Counsel Attorneys’ Fees and Expenses, the Service Awards, the LWDA Payment, and the Claims Administration Expenses are deducted from the Gross Settlement Amount, the remaining portion, called the “Net Settlement Amount,” shall be distributed to Class Members who do **not** request exclusion (“Settlement Class Members”). The Settlement Share for each Settlement Class Member will be calculated by dividing the Net Settlement Amount by the total number of workweeks for all Settlement Class Members that occurred during the Class Period and multiplying the result by each individual Settlement Class Member’s workweeks that occurred during the Class Period. A “workweek” is defined as the number of weeks during the Class Period that each Class Member was employed as a non-exempt employee of Defendant.
- Calculation of Individual PAGA Payments to Aggrieved Employees. The Aggrieved Employee Payment shall be distributed to Aggrieved Employees irrespective of whether they exclude themselves or opt-out. The Aggrieved Employee Payment will be divided by the total number of pay periods worked by all Aggrieved Employees during the PAGA Period, and then taking that number and multiplying it by the number of pay periods worked by each respective Aggrieved Employee during the PAGA Period. “Aggrieved Employees” means all non-exempt employees who are or previously were employed by Defendant and performed work in California during the PAGA Period. The PAGA Period means the period between July 28, 2021 and June 30, 2023.

If the Settlement is approved by the Court, you will automatically be mailed a check for your Settlement Share to the same address as this Class Notice. You do not have to do anything to receive a payment. If your address has changed, you must contact the Settlement Administrator to inform them of your correct address to insure you receive your payment.

Tax Matters. 20% of each Settlement Share is allocated to wages. Taxes are withheld from this amount, and each Settlement Class Member will be issued an Internal Revenue Service Form W-2 for such payment. 40% of each Settlement Share is allocated to penalties, and no taxes will be withheld, and each Settlement Class Member will be issued an Internal Revenue Service Form 1099 for such payment. 40% of each Settlement Share is allocated to interest, and no taxes will be withheld, and each Settlement Class Member will be issued an Internal Revenue Service Form 1099 for such payment. In addition, no taxes will be withheld from the Individual PAGA Payments paid to Aggrieved Employees, and each Aggrieved Employee will be issued an Internal Revenue Service Form 1099 for such payment. Neither Class Counsel nor Defendant's counsel intend anything contained in this Settlement to constitute advice regarding taxes or taxability. You may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering judgment.

4. What Do I Release Under the Settlement?

Released Claims. Upon entry of final judgment and funding in full of the Gross Settlement Amount by Defendant, Plaintiff and the Settlement Class Members shall release all Released Class Claims that occurred during the Class Period as to the Released Parties. Released Class Claims means all class claims that were or reasonably could have been alleged in the operative complaints which occurred during the Class Period, and expressly excluding all other claims, including claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and class claims outside of the Class Period.

The Released PAGA Claims shall be released as follows. Upon entry of final judgment and upon funding in full of the Gross Settlement Amount by Defendant, all Aggrieved Employees shall release all Released PAGA Claims, irrespective of whether they opted-out of the class settlement, and will be bound by this PAGA Release (the "PAGA Release"). "Released PAGA Claims" means all PAGA claims that were or reasonably could have been alleged in the operative complaints and Plaintiffs' PAGA notices to the LWDA which occurred during the PAGA Period, and expressly excluding all other claims, including claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation and PAGA claims outside the PAGA Period.

This means that, if you do not timely and formally exclude yourself from the settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant about the legal issues resolved by this Settlement. It also means that all of the Court's orders in these Actions will apply to you and legally bind you.

5. How much will my payment be?

Defendant's records reflect that you have << _____ >> Workweeks worked during the Class Period (August 30, 2018 to June 30, 2023).

Based on this information, your estimated Individual Class Payment is << _____ >>.

Defendant's records reflect that you have << _____ >> pay periods worked during the PAGA Period (July 28, 2021 to June 30, 2023).

Based on this information, your estimated Individual PAGA Payment is << _____ >>.

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Settlement Administrator at the address provided in this Notice no later than _____ [ninety (90) days after the Notice or re-mailed Notice].

6. How can I get a payment?

To get money from the settlement, you do not have to do anything. A check for your settlement payment will be mailed automatically to the same address as this Notice. If your address is incorrect or has changed, you must notify the Settlement Administrator. The Settlement Administrator is: _____. (800) _____.

The Court will hold a hearing on _____ to decide whether to finally approve the Settlement. If the Court approves the Settlement and there are no objections or appeals, payments will be mailed within a few months after this hearing. If there are objections or appeals, resolving them can take time, perhaps more than a year. Please be patient. After entry of the Judgment, the Settlement Administrator will provide notice of the final judgment to the Class Members by posting a copy of the Judgment on the administrator's website at www._____.com

7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, except as provided as follows.** Irrespective of whether you exclude yourself from the Settlement or "opt out," you will be bound by the PAGA Release, you will be deemed to have released the Released PAGA Claims, and you will receive a share of the Aggrieved Employee Payment.

To opt out, you must submit to the Settlement Administrator, by First Class Mail, a written, signed and dated request for exclusion postmarked no later than _____. The address for the Settlement Administrator is _____. The request for exclusion must state in substance: "I wish to opt out of the settlement of the class action lawsuit **entitled *Trudelle v. Children of the Rainbow, Inc., San Diego County Superior Court, Case No. 37-2023-00006660-CU-OE-CTL***. I understand that by requesting to be excluded from the settlement, I will receive no money from the Settlement described in this Notice." The request for exclusion must contain your name, address, signature and the last four digits of your Social Security Number for verification purposes. The request for exclusion must be signed by you. No other person may opt out for a member of the Class.

Written requests for exclusion that are postmarked after _____, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release described above.

8. How do I tell the Court that I would like to challenge the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason, may object to the proposed Settlement. Objections may be in writing and state the Class Member's name, current address, telephone number, and describe why you believe the Settlement is unfair and whether you intend to appear at the final approval hearing. All written objections or other correspondence must also state the name and number of the case, which is ***Trudelle v. Children of the Rainbow, Inc., San Diego County Superior Court, Case No. 37-2023-00006660-CU-OE-CTL***. You may also object without submitting a written objection by appearing at the final approval hearing scheduled as described in Section 9 below.

To object to the Settlement, you cannot opt out. If the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object. Any Class Member who does not

object in the manner provided in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

Written objections must be delivered or mailed to the Settlement Administrator no later than [REDACTED]. The address for the Settlement Administrator is Apex Class Action Administration, 20371 Irvine Ave., Suite 110, Newport Beach, CA 92660.

The addresses for the Parties' counsel are as follows:

Class Counsel:

Jean-Claude Lapuyade, Esq.
JCL Law Firm, APC
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E-Mail: tbaugherty@klinedinstlaw.cc

9. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at **00:00 AM/PM on** [REDACTED], at the San Diego County Superior Court, Department C-65, located at 1100 Union Street, San Diego, CA 92101 before Judge Ronald F. Frazier. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval to the Settlement. If there are objections, the Court will consider them. The Court will listen to people who have made a timely written request to speak at the hearing or who appear at the hearing to object. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

10. How do I get more information about the Settlement?

You may call the Settlement Administrator at 1-800-355-0700 or write to ***Trudelle v. Children of the Rainbow, Inc., San Diego County Superior Court, Case No. 37-2023-00006660-CU-OE-CTL***, Settlement Administrator, c/o _____.

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You may receive a copy of the Settlement Agreement, the Final Judgment or other Settlement documents by writing to JCL Law firm, APC, 5440 Morehouse Drive, Suite 3600, San Diego, CA 92121.

PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.

IMPORTANT:

- You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall pay all funds from such uncashed checks to the Community Law Project pursuant to California Code of Civil Procedure section 386. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.