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Individually and on behalf of all others similarly situated

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

Paloma Scalise, Anna Cardoso, and Demarco Evans, individually and on behalf of all others similarly situated,

Plaintiffs,

vs.

Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc.; and Does 1 through 20, inclusive,

Defendants.

Case No. 23CV006629

Hon. Lauri A. Damrell – Dept. 22

DECLARATION OF JONATHAN M. LEBE

[Notice of Motion, Memorandum of Points and Authorities, Declaration of Paloma Scalise; Declaration of Anna Cardoso; Declaration of Demarco Evans; Declaration of Paul K. Haines; Declaration of James R. Hawkins; Declaration of Anthony Rogers OF ILYM Group, Inc.; and [Proposed] Order Filed Concurrently Herewith]

<u>Hearing Information:</u>
Date: August 22, 2025
Time: 9:00 a.m..
Dept. 22
Reservation # A-06629-001

Action Filed: August 10, 2023
Trial Date: None Set

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on behalf of himself and all others similarly situated

DECLARATION OF JONATHAN M. LEBE

I, Jonathan M. Lebe, declare as follows:

1. I am an attorney duly licensed to practice law before all courts in the State of California. I am the Managing Attorney of Lebe Law, A Professional Law Corporation and counsel for Paloma Scalise ("Plaintiff Scalise") in this action. I have personal knowledge of the facts set forth herein and, if called and sworn in as a witness, could and would testify competently thereto.

2. I submit this declaration in support of Plaintiffs' Unopposed Motion for Preliminary Approval of Class and Representative Action Settlement. I have reviewed the Checklist for Approval of Class Action and/or Private Attorneys General Act ("PAGA") Settlements for the Sacramento County Superior Court, Complex Litigation Department, and I believe Plaintiffs' briefing complies with the Court's Checklist.

Experience of Class Counsel

3. I received Bachelor of Arts degrees in Political Science and International Studies from Northwestern University in 2008. I received my Juris Doctorate from Santa Clara University School of Law in 2012. During law school, I was a legal extern to the Honorable Nandor J. Vadas of the U.S. District Court, Northern District of California. I also had legal internships during law school with the Civil Division of the U.S. Attorney's Office and the Complex Litigation Division of the San Francisco City Attorney's Office.

4. I was admitted to the California State Bar in the Fall of 2012. I am admitted to practice in all state courts in California and in all United States District Courts in California.

5. Upon admission to the State Bar, I became a Deputy County Counsel in the Litigation Section of the Santa Clara County Counsel's office. The Santa Clara County Counsel's office is one of the largest and most sophisticated offices of government lawyers in the county. The County Counsel's office engages in significant impact litigation and, of course, is responsible for the legal representation of the County. In my capacity as Deputy County Counsel, I litigated cases ranging from employment disputes to constitutional challenges to County jail policies.

6. Before starting my own firm, I also worked as an associate attorney with Lawyers

for Justice, P.C., a class action law firm in California. In that capacity, I was responsible for the day-to-day management of numerous wage and hour class and PAGA actions at a given time.

7. I started my own law firm in early 2016. In 2018, 2019, 2020 and 2021, I was selected as a Super Lawyer Rising Star based on nominations from my peers, a distinction only received by 2.5% of attorneys. The vast majority of my practice consists of litigating wage and hour class actions filed in California.

8. Lebe Law, APLC prosecutes wage and hour class and representative actions on behalf employees in California and across the United States. Lebe Law, APLC serves as plaintiffs' counsel of record in scores of wage and hour class and representative actions pending in both state and federal court. Lebe Law, APLC is counsel of record in the following currently pending wage and hour class and representative actions in which class or conditional certification was granted:

a. *Jasmin Ortega v. Carson Wild Wings, LLC*, Los Angeles Superior Court, Case No. BC677389;

b. *Jauregui v. Safeway Inc*., Alameda Superior Court, Case No. RG21095860.

c. *Jennifer Pardo v. Papa, Inc.*, United States District Court, Northern District of California, Case No. 3:21cv06326-RS; and

d. *Patricia Hoover v. Community Brands Parentco, LLC et al.*, United States District Court for the Northern District of California, Case No. 23-cv-04178-MMC.

9. Lebe Law, APLC also has a robust appellate practice. The following are representative and currently pending appeals in which Lebe Law, APLC was or is counsel of record:

a. *Bytedance, Inc. Dba TikTok v. Irina Weisfeiler*, (June 20, 2025, No. A168006) 2025 Cal. App. Unpub. LEXIS 3828 in the First Appellate District (affirming the trial court's denial of defendant's motion to compel arbitration because it found the arbitration agreement procedurally and substantively unconscionable, and lacking mutuality);

b. *Ecolab, Inc. v. Mario Balderrama*, (June 27, 2024, No. D082043) 2024 Cal. App. Unpub. LEXIS 4019, California Court of Appeal, Fourth Appellate District (affirming trial court's denial of defendant's motion to compel arbitration upon finding that defendant failed to meet its burden in establishing that an agreement to arbitrate existed);

c. *It Works Marketing, Inc. v. Marites Perez*, Case No. A168331, in the First Appellate District (the Court of appeal affirmed the trial court's denial of a defendant's motion to compel arbitration, finding that the AAA rules failed to provide delegation of the issue of arbitrability to the arbitrator and that the agreement was procedurally and substantively unconscionable);

d. *Midwest Motor Supply Co. v. Superior Court* (2020) 56 Cal.App.5th 702 (in its published opinion, the Court of Appeal affirmed the trial court's denial of Defendant's motion to dismiss or stay action for forum non conveniens because Defendant's purported forum selection clause was unenforceable under Labor Code section 925);

e. *Sunrun, Inc. v. Angel Mondragon*, (2024) 101 Cal. App. 5th 592 (in its published opinion, the Court of Appeal affirmed the trial court's denial of defendant's motion to compel arbitration upon finding that the purported arbitration agreement failed to delegate the threshold issue of arbitrability to the arbitrator and that the arbitration agreement was both procedurally and substantively unconscionable and, thus, unenforceable; and

f. *Zakaryan v. The Men's Wearhouse, Inc.* (2019) 33 Cal.App.5th 659 (in its published opinion, Court of Appeal affirmed a trial court's denial of Defendant's motion to compel arbitration (disapproved on another ground in *ZB, N.A. v. Superior Court* (2019) 8 Cal.5th 175)).

10. Lebe Law, APLC has been appointed certified class counsel in the following proceedings in connection with approvals of wage and hour class action and PAGA settlements: *Amie Pfiefer v. Zesty Inc.*, San Francisco Superior Court, CGC-19-574570; *Anthony Dirico, et al.*

v. Seek Capital, LLC, Los Angeles Superior Court Case No. BC698076; *Brandon Centino v. Arrowhead Products, Orange County Superior Court*, Case No. 30-2018-00988493; *Donna Burris v. Resort Vacations, Inc.*, Orange County Superior Court, Case No. 2018-00997260; *Elizabeth Merritt v. Houzz Inc.*, Santa Clara Superior Court, Case No. 19CV341181; *Janet Manteon v. M.A.C. Cosmetics, Inc.*, Los Angeles County Superior Court, Case No. BC702940; *Jamal Holcomb v. Weiser Security Services, Inc.,* Los Angeles Superior Court, Case No. 19STCV03843; *Jerome Hughes, et al. v. Surveillance Security, Inc.*, Judicial Coordination Proceeding Case No. 4969; *Jihwan Kim v. Demandforce, Inc.*, San Francisco Superior Court, Case No. CGC-18-570997; *Jordan Olson v. Medtronic, Inc., et al.,* San Francisco Superior Court, Case No. CGC-19-576875; *Joseph Jun Caballero v. MLTD, Inc.*, Los Angeles Superior Court Case No. BC659936; *Kendall Klette v. Balboa Capital Corporation*, Orange County Superior Court, Case No. 30-2018-00970552; *Kevin Klein v. Loomis Armored, US LLC*, San Bernardino Superior Court Case No. CIVDS1704547; *Leslie Walling v. National Funding Inc.*, San Diego Superior Court, Case No. 201800061889; *Lorena Sanchez v. Valley Presbyterian Hospital*, Los Angeles Superior Court Case No. BC678638; *Lucas Cardena v. Strata Capital Corporation*, Orange County Superior Court, Case No. 30-2018-01041233-CU-OE-CXC; *Michael Schmitz, et al. v. HealthIQ Re Inc.*, Santa Clara Superior Court, Case No. 18CV337951; *Patricia Martinez v. Whaler LLC*, Los Angeles Superior Court Case No. BC621047; *Rhett Hubbard v. Caliber Home Loans, Inc.*, Orange County Superior Court, 30-2018-01017838; *Shameka Watson v. Aegis Security & Investigations Inc.*, Los Angeles Superior Court Case No. BC695411; *Shayna Amster v. Starbucks Corporation*, San Bernardino Superior Court, Case No. CIVDS1922016; *Suzana Mederos v. Consolidated Disposal Service, L.L.C.*, Los Angeles Superior Court, Case No. BC677379; *Tyler Jones, et al. v. Citiguard, Inc.*, Los Angeles County Superior Court Case No. BC664890; *Lamir McQueen v. City of Santa Monica*, Los Angeles County Superior Court Case No. BC627227; *David Kassis v. Paychex North America Inc.*, Sacramento County Superior Court Case No. 2019-00270896-CV; *George Van Heel v. GCA Educational Services, Inc.*, Los Angeles County Superior Court Case No. 19STCV44969; *Don Vasquez v. Milk Specialties Company*, Tulare County Superior Court Case No. VCU282778; *Chafen Suttle v. Children's Hospital Los*

Angeles, Los Angeles County Superior Court Case No. 19STCV46960; *Tanya Savidis v. Lumber Liquidators Inc.*, Alameda County Superior Court Case No. RG20057480; *Patrick Finch v. Midwest Motor Supply Co.*, Contra Costa Superior Court Case No. CIVMSC19-02038; *Beniyam Kebede v. Wrike, Inc.*, Santa Clara County Superior Court Case No. 20CV366599; *Jason Mitchiner v. Move Sales, Inc.*, Los Angeles County Superior Court Case No. 20STCV23141; *Craig Russell v. Nutanix, Inc.*, Santa Clara County Superior Court Case No. 20CV366943l; *James Fleming v. Mission Linen Supply*, Sacramento County Superior Court Case No. 2019-00267357-CV; and *LaDonna Page v. Insource Performance Solutions, LLC*, Alameda Superior Court Case No. RG21096367.

11. I consider myself experienced and qualified to evaluate the class claims and viability of the defenses. Based on the history of the above-captioned case, and given my experience and analysis, it is my view that the settlement is fair, reasonable, and adequate, and in the best interest of the class members. Had the litigation not reached the proposed settlement set forth in the Settlement Agreement, I would have continued to prosecute the class' claims through certification, trial and beyond.

12. Brielle D. Edborg is an associate attorney of Lebe Law, APLC in good standing of the State Bar of California and admitted to practice in all state courts in California, and in the Central, Eastern, and Northern United States District Courts in California.

13. Ms. Edborg began working for Lebe Law, APLC in September of 2022 as a law clerk after graduating from Pepperdine Caruso School of Law in May of 2022. She received her Bachelor of Arts degree in English from the SUNY College at Old Westbury in New York. She was admitted to the California State Bar on December 8, 2022. The vast majority of Ms. Edborg's practice consists of litigating wage and hour class and PAGA representative actions filed in the State of California.

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Litigation History

14. Defendant Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc. is a national fast casual restaurant chain offering Mexican fare, including design-your-own burritos, tacos, and bowls. Plaintiff Paloma Scalise ("Plaintiff Scalise") was employed by Defendant as a non-exempt Cashier from approximately October 20, 2022 to approximately January 10, 2023 and worked at Defendant's Folsom, California location.

15. Throughout Plaintiffs' employment, Plaintiffs have alleged Defendant maintained an unlawful time reporting policy requiring its employees to report to work but furnished them with less than two hours of work and failed to pay Plaintiffs and other employees with the requisite two hours of pay. As a result of this practice, as well as other violations, Defendant allegedly failed to pay Plaintiffs and class members all minimum and overtime wages owed; failed to provide meal and rest periods; failed to provide accurate and itemized wage statements; failed to pay reporting time pay; and failed to pay all final wages to class members who were terminated or separated from employment. Plaintiffs also allege that Defendant failed to reimburse Plaintiffs and class members for all necessary business expenses incurred, including for the use of their cell phones for work purposes.

16. In Plaintiffs' Second Amended Complaint ("SAC" or "Operative Complaint"), which Plaintiffs filed on March 25, 2025, Plaintiffs assert claims for: Failure To Pay Minimum Wages (Cal. Lab. Code §§ 1194, 1194.2, and 1197); Failure To Pay Overtime Wages (Cal. Lab. Code §§ 510, 1194 and 1198); Failure To Provide Meal Periods (Cal. Lab. Code §§ 226.7 and 512); Failure To Permit Rest Breaks (Cal. Lab. Code § 226.7); Failure To Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); Failure To Reimburse Business Expenses (Cal. Lab. Code §§ 2800 and 2802); Failure To Pay All Reporting Time Pay (Cal. Lab. Code §§ 1198 and 1199); Failure To Pay All Final Wages (Cal. Lab. Code §§ 201-203); Violations of Business and Professions Code §§ 17200, *et seq*.; and Violations of Cal. Lab. Code § 2698 *et seq*.

17. On August 10, 2023, Plaintiff Scalise submitted her PAGA notice to the LWDA, alleging violations by Defendant of California Labor Code §§ 201, 202, 203, 204, 218, 218.6,

226, 226.7, 256, 510, 512, 558, 558.1, 1174, 1174.5, 1175, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699 *et seq*., 2802, and 2804, and the applicable IWC Wage Order(s). Attached hereto as **Exhibit 2** is a true and correct copy of Plaintiff Scalise's August 10, 2023 letter to the LWDA.

18. On August 10, 2023, Plaintiff Scalise filed her initial class action complaint against Defendant in Sacramento Superior Court (the "*Scalise* Action"), Case No. 23CV006629, alleging nine causes of action for (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to permit rest breaks; (5) failure to provide accurate itemized wage statements; (6) failure to reimburse for business expenses; (7) failure to pay reporting time pay; (8) failure to pay all final wages; and (9) violation of business and professions code §§ 17200, *et seq*. On October 16, 2023, Plaintiff Scalise filed her First Amended Complaint ("FAC") adding a cause of action for enforcement of labor code § 2698 *et. seq*.

19. On April 17, 2024, the Parties in this Action, the *Evans* Action, and the *Cardoso* Action mediated before the experienced employment mediator, Jeffrey Ross, Esq. In advance of settlement, the parties engaged in informal discovery, whereby Defendant provided timekeeping and payroll data for a sampling of putative class members and aggrieved employees, and policy documents of Defendant related to the claims asserted by Plaintiffs in this action, including Defendant's meal and rest break policies, overtime policies, and policies related to the amount of control Defendant had over class members. Defendant also provided relevant data points, such as the number of minor putative class members and their aggregate number of workweeks worked during the Class Period, as well as the number of Aggrieved Employees and the number of aggregate pay periods worked during the PAGA Period. Plaintiffs hired a labor economist with a Ph.D. in economics to assist Plaintiffs in conducting a comprehensive analysis and extrapolation of the payroll and timekeeping data produced by Defendant to create a detailed exposure analysis for all claims at issue. This discovery allowed the Parties to assess the merits and value of Plaintiffs' claims, the chances of certification of Plaintiff Scalise's claims, and Defendant's potential defenses.

20. At the mediation on April 17, 2024, the Parties engaged in settlement negotiations, including the exchange of legal analyses and data pertaining to Plaintiffs' class and PAGA claims. Negotiations were rigorous and conducted at arms-length. At the conclusion of mediation, Mr. Ross issued a mediator's proposal for a global class and representative settlement, which was ultimately accepted by all Parties. During the months that followed, the Parties finalized the terms of the Settlement and executed the Stipulation of Agreement now before the court. The Parties agreed to settle the case on behalf of all current and former non-exempt employees of Defendant who are or were minors and were employed by Defendant in the State of California at any time from August 10, 2019 through July 19, 2024. Defendant denies any wrongdoing and believes that it has meritorious defenses to the issues alleged, but has concluded that the further defense of this action would be lengthy and expensive for all parties. Plaintiffs and their counsel have considered the uncertainty and risk involved in further litigation, including the difficulties and potential delays in seeking class certification and Defendant's defenses. Based upon these considerations, Plaintiffs and class counsel have determined that the settlement is fair, adequate, and reasonable, and is in the best interests of the class.

21. The Parties reached a settlement during mediation on a class and PAGA basis. The settlement class is defined as "All current and former non-exempt employees of Defendant who are or were minors and were employed by Defendant in the State of California (the "Class Members"). The Class Period is defined as any time from August 10, 2019 through July 19, 2024. In exchange for the class members' dismissal and release of all claims by class members that were or could have been alleged in the SAC, Defendant is providing substantial compensation to Plaintiffs and the settlement class. Defendant has agreed to pay an amount of $6,755,000 (the "Gross Settlement Amount" or "GSA") to settle the class and PAGA claims, of which $1,980,870 is reserved to settle the PAGA claims. The settlement includes the following: (1) Plaintiffs' attorneys' fees up to $2,251,666.67 (one-third of the GSA); (2) Plaintiffs' counsels' reasonable litigation costs necessary to prosecute and settle this litigation and administer the Agreement, estimated at no more than $100,000; (3) a $15,000 service award to Plaintiff Scalise, and a $10,000 service award each to

Plaintiff Cardoso and Plaintiff Evans for a total of $35,000 for Plaintiffs' combined Service Awards; (4) settlement administration costs not to exceed $100,000; and (5) $1,980,870.00 has been set aside as PAGA civil penalties, of which 75% (i.e., $1,485,652.00) will be paid to the LWDA, and 25% (i.e., $495,217.50) will be paid to Aggrieved Employees. After deduction of these amounts, the remaining Net Settlement Amount of approximately $2,287,463.33, will be distributed to Settlement Class members based on the number of workweeks employed with Defendant. Settlement Class members will not be required to return any claims form.

22. The Parties also agreed to process the settlement in the *Scalise* Action in this Court.

23. Following preliminary approval of the settlement, and in accordance with California Rule of Court 3.769(f), the Notice of Class Action Settlement and Notice of Estimated Settlement Award ("Notice Packet"), will be mailed by first-class mail, in English and Spanish, to each Settlement class member at the last known address according to Defendant's records. The proposed Notice of Class Action Settlement ("Class Notice") is attached as **Exhibit A** to the Settlement Agreement. The proposed Notice of Estimated Settlement Award is attached **as Exhibit B** to the Settlement Agreement. The proposed Explanatory Letter to be sent to Aggrieved Employees is attached as **Exhibit C** to the Settlement Agreement. The Notice Packet includes information on the claims asserted, the material settlement terms, the right to object, or to opt out and the timing and manner to do either. Settlement Class members will have 45 days from the mailing of the Notice Packet to object or request exclusion from the settlement, or submit a workweek dispute. The Notice Packet will also inform the class of the date, place, and time of the final approval hearing. Attached as **Exhibit 1** is a true and correct copy of the Settlement Agreement between the Parties.

24. Before mailing the Notice Packets, the settlement administrator will conduct a search of all Settlement Class members' addresses using the National Change of Address database to update addresses. Furthermore, the settlement administrator will undertake Skip Tracing in an effort to locate Settlement Class members whose Notice Packets are returned as undeliverable.

Following final approval of the proposed settlement, the settlement administrator will also provide notice of final judgment on the settlement administrator's website for the class members.

25. The Parties engaged in settlement negotiations at the mediation after months of analysis and informal discovery. During mediation, each side provided the other with several detailed settlement proposals before the agreement was reached. The negotiations were rigorous and conducted at arm's length. The settlement cannot be described as fraudulent or collusive. Rather, the settlement is the product of informed and rigorous negotiations by experienced counsel. The settlement is fair, adequate, and reasonable for Plaintiffs and the class.

26. Counsel for Plaintiffs also performed an extensive analysis of the wage and hour claims presented by this class action, including a detailed exposure analysis brought to the mediation, upon which settlement negotiations were based. The investigation permitted counsel for Plaintiffs to perform a rigorous damages analysis and come up with Defendant's total exposure presented by this case, which is detailed below. Moreover, each of the claims in the SAC were considered by the Parties prior to the mediation and included in the damage analysis prepared by Plaintiffs.

27. To date, Plaintiffs are unaware of any opposition to the settlement. There are no pending cases filed against Defendant alleging the same claims as this present matter regarding the same group of class members, other than the *Evans* and *Cardoso* Actions, which have been effectively consolidated with this Action through the filing of the SAC.

28. Plaintiffs' counsel has submitted the Settlement in this matter to the LWDA on July 31, 2025 and have not received any opposition to the settlement to date. Plaintiffs' counsel will update the Court if Plaintiffs' counsel receives any notice of response from the Labor and Workforce Development Agency regarding the proposed settlement. Further, following the mailing of the Notice Packet, Settlement Class members will have the opportunity to file objections to or opt-out of the settlement.

29. The settlement confers substantial benefits on Settlement Class members. Defendant has agreed to a lump sum payment of $6,755,000, which will be distributed to the class, less Plaintiffs' counsel's fees and costs, settlement administration costs, payment to the LWDA, and a small service award to Plaintiffs for their services. There are approximately 11,100

Settlement Class members. Once appropriate deductions have been made from the gross settlement fund, Settlement Class members will recover an average of approximately $206.08. Additionally, the LWDA will receive $1,485,652.50 for PAGA civil penalties. Plaintiffs respectfully request that the Court preliminarily approve this settlement because it reflects a fair and reasonable compromise of the disputed claims in this action.

Exposure Analysis

30. While Plaintiffs believe and continue to believe this is a strong case for certification, the significant risks and expenses associated with class certification and liability proceedings must be taken into account. Although the amount of the Class's maximum potential damages – if proven – is substantial, the legitimate and serious risks above compelled a considerable discount for settlement.

31. Here, Plaintiffs' Counsel calculated Defendant's total potential exposure assuming Plaintiffs prevailed on all aspects of their claims at trial, but weighed that value against the chance of succeeding at class certification and trial. As an initial matter, Defendant argued that Plaintiff Scalise's classwide claims would not proceed as Plaintiff Scalise and all minor Settlement Class members signed valid arbitration agreements during their employment which contained class action waivers. While Plaintiff Scalise argues that she timely disaffirmed any arbitration agreement she signed during her employment, Defendant maintained that absent settlement, a classwide recovery was not possible and that only PAGA civil penalties could potentially be recovered on behalf of a subset of the Settlement Class members.

32. Specifically, Plaintiffs' Counsel weighed Defendant's total potential exposure against the potential that during class certification or at trial, Defendant would likely argue that it properly compensated Settlement Class members for all hours worked throughout the Class Period and thus did not deprive Settlement Class members of all minimum and overtime wages or meal and rest periods. As a result, this could significantly jeopardize the Settlement Class members' claims and potential recovery.

33. In order to calculate this exposure, prior to settlement, Plaintiffs received informal discovery from Defendant in the form of employees' payroll records, from which Plaintiffs were able to determine class-wide violations. Defendant also produced policy documents including Defendant's meal and rest break policies, overtime policies, and policies related to the amount of control Defendant had over class members. Further, Defendant produced Plaintiffs' personnel records, and all other documents which had been provided to Plaintiffs during their employment with Defendant. Plaintiffs' Counsel hired an expert to assist with an extensive analysis and extrapolation of the data produced to calculate potential damages for all claims asserted.

34. Failure to Pay Minimum and Overtime Wages: Plaintiffs' claims for failure to pay for all minimum and overtime wages are premised on Plaintiffs' allegations that Defendant unlawfully required Plaintiffs and Settlement Class members to work off-the-clock following the ends of their shifts to perform cleaning duties, restocking duties, and to refill stations. (*See Troester v. Starbucks Corp*. (2018) 5 Cal.5th 829, 847, "An employer that requires its employees to work minutes off the clock on a regular basis or as a regular feature of the job may not evade the obligation to compensate the employee for that time by invoking the *de minimis* doctrine.") Moreover, Plaintiffs allege that Defendant required Plaintiffs to undergo mandatory COVID-19 health screenings before clocking in for their shifts without compensation. Defendant argued that it maintained lawful timekeeping policies and/or practices, expressly prohibited off-the-clock work, and compensated employees for all hours actually worked. Defendant also asserts that this claim is not amenable to class certification as individualized inquiries would be required to determine whether each employee performed off-the-clock work on a particular shift, and whether Defendant was aware that such work was being performed. By using the information provided by Defendant in advance of settlement, Plaintiffs were able to estimate Defendant's exposure for these causes of action as being about **$3,319,450** (approximately 197,000 unpaid hours during the Class Period * $16.85 average hourly rate).

35. Failure to Provide Meal Periods: Plaintiffs' claims for failure to provide meal periods are premised Plaintiffs' allegations that Defendant is liable to Settlement Class members (who are minors) for failing to provide compliant meal periods on shifts between 5.1 – 6.0 hours

because Defendant has attempted to "waive" minor's first meal periods on such shifts. Just a minor cannot be bound by an arbitration agreement, Plaintiffs argue that Settlement Class members cannot enter into a valid meal period waiver. Defendant argued that none of its wage and hour policies are facially invalid, and that individual issues predominate as to whether class members were denied meal periods and to what extent they were denied. Defendant further disputes the fact that minors cannot be bound by an otherwise enforceable meal period waiver. Plaintiffs' expert analysis revealed that Defendant provided compliant meal periods on approximately 94% of all meal period eligible shifts, demonstrating that Defendant provided compliant meal periods for the overwhelming majority of all shifts. Defendant also argued that it paid meal period premiums for any facial meal period violations. By using the information provided by Defendant in advance of settlement, including timekeeping and payroll records of the Settlement Class members, Plaintiffs were able to calculate Defendant's exposure for this cause of action as being **$597,501** (approximately 35,460 shifts worked between 5.01 – 6.0 hours during the Class Period * $16.85 average meal period premium).

36. Failure to Provide Rest Breaks: Plaintiffs' claims for failure to provide rest periods are premised on allegations that Defendant failed to provide Plaintiffs and Settlement Class members with compliant off-duty rest breaks. Moreover, during a portion of the class period, Plaintiffs allege Defendant failed to maintain any payroll code or other mechanism for the payment of rest period premiums as required by Labor Code Section 226.7. Defendant argued that it maintained facially compliant written rest period policies throughout the Class Period. Defendant also argued that individual issues predominate as to whether class members were denied rest periods and to what extent they were denied. These manageability concerns are especially pertinent with respect to rest period claims, Defendant argues, given that rest periods are not recorded. Plaintiffs estimated that Settlement Class members experience one rest period violation per workweek. By using the information provided by Defendant in advance of settlement, including timekeeping and payroll records of the Settlement Class members, Plaintiffs were able to estimate Defendant's exposure for this cause of action as being about **$6,638,900** (394,000 rest period violations * $16.85 average rest period premium).

37. Failure to Provide and Maintain Accurate, Itemized Wage Statements: Plaintiffs' claims for failure to provide itemized and accurate wage statements are derivative of the above claims. Defendant argues that any alleged wage statement violations were not "knowing and intentional," and Plaintiffs cannot show that they or other employees "suffer[ed] injury" due to the alleged wage statement violations, as required by Labor Code § 226(e) for the imposition of penalties. Further, Defendant contends its wage statements always accurately reflected hours worked and amounts paid as well as all other required information, precluding liability for wage statement penalties. Defendant's data showed there were approximately 2,500 Settlement Class members who worked approximately 70,360 pay periods during the relevant liability period. By using the information provided by Defendant in advance of settlement, including the records of Settlement Class members, Plaintiffs calculated maximum damages for this claim as **$6,911,000** ([2,500 "initial" violations * $50] + [67,860 "subsequent" violations * $100]).

38. Failure to Reimburse for Business Expenses: Plaintiffs' claims for failure to reimburse for business expenses are based on Plaintiffs' allegations that Defendant failed provide reimbursements to Plaintiffs and Settlement Class members during the Class Period for the mandatory use of their cell phones for work related purposes. (*See Stuart v. Radioshack Corp.* (N.D. Cal. 2009) (Defendant's duty to reimburse employees does not depend upon whether an employee made a request for reimbursement, so long as the employer either "knows or has reason to know that the employee has incurred a reimbursable expense.") Defendant's own payroll records demonstrate that Defendant failed to reimburse cell phone expenses to Plaintiffs and the class members. Defendant maintains that Settlement Class members were not required to use their personal cellular phones as part of their job. Defendant further argues that any expenses incurred by Settlement Class members were minimal, given the wide availability of low-cost cellular phone plans. Lastly, Defendant argues this claim is not suitable for class treatment, as it would require individualized determinations as to whether each Settlement Class member used a personal cellular phone for work-related purposes, and if so, how much of that use was a reasonable percentage of their individual monthly phone bill. Plaintiffs estimated Settlement Class members incurred approximately $5.00 per workweek (approximately

$20.00 per month) in cellular phone expenses. Thus, Plaintiffs were able to calculate the expense reimbursement exposure as **$1,970,000** (394,000 workweeks * $5.00 in expenses).

39. Failure to Pay Reporting Time Pay: Plaintiffs' claims for failure pay reporting time pay based on Plaintiffs' allegations that Defendant required class members to report to work, but did not put Settlement Class members to work and sent them home early without being furnished with pay for half of their usual scheduled days' work or at least two hours. Defendant argued that it properly paid Settlement Class members for all hours worked, including all reporting time pay. Defendant further argued that individual issues predominate as to whether Settlement Class members were required to report to work but were sent them home early without being furnished with pay for half of their usual scheduled days' work, and to what extent they were denied. By using the information provided by Defendant in advance of settlement, including timekeeping and payroll records of the Settlement Class members, Plaintiffs were able to estimate Defendant's exposure for this cause of action as being about **$418,251** (24,822 unpaid reporting time hours * $16.85 average hourly rate).

40. Failure to Timely Pay All Final Wages: Plaintiffs' claim for waiting time penalties is a result of Defendant's alleged failure to timely pay all wages to terminated or separated employees is derivative of and based on the above alleged minimum, overtime, meal period, and rest period claims. Defendant argues that it possesses strong, good-faith defenses to Plaintiffs' underlying claims, thus precluding recovery of waiting time penalties, which are only available for the "willful" failure to pay wages. Defendant further asserts that Plaintiffs' waiting time penalty exposure was grossly inflated as not every former employee experienced the alleged Labor Code violations. Based on the data provided by Defendant, there were approximately 7,323 former Settlement Class members eligible for waiting time penalties. Plaintiffs also calculated the average waiting time penalty at approximately $3,033 ($16.85 average hourly rate * 6 hours * 30 days). Accordingly, Plaintiffs calculated the maximum exposure for waiting time penalties provided by Section 203 for the Settlement Class members as **$22,210,659** (7,323 former employees * $3,033 average waiting time penalty).

41. Penalties under the Private Attorney General Act: Plaintiffs' claim under the Private Attorney General Act ("PAGA") presented even higher hurdles. Defendant vigorously disputes each of Plaintiffs' underlying claims, and argues that the PAGA claim fail because Plaintiffs' underlying claims fail. (*See Price v. Starbucks Corp.*, 192 Cal.App.4th 1136, 1147 (2011) ["Because the underlying causes of action fail, the derivative UCL and PAGA claims also fail."].) Additionally, Defendant maintains that, given its good-faith defenses, the Court would substantially reduce any PAGA civil penalties if it found Defendant liable for any of Plaintiffs' claims. (S*ee also* Lab. Code § 2699(e)(2) [authorizing reduction in PAGA penalties in court's discretion]; *Thurman v. Bayshore Transit Mgmt., Inc.*, 203 Cal.App.4th 1112, 1135 (2012) [affirming reduction of PAGA penalties] [*disapproved on other grounds in ZB, N.A. v. Sup. Ct.*, 8 Cal.5th 175, FN8 (2019)]; *Fleming v. Covidien, Inc.* (C.D. Cal. Aug. 12, 2011) 2011 U.S.Dist.LEXIS 154590, at *8-9) [reducing PAGA penalties by over 82%]; *Carrington v. Starbucks Corp.*, 30 Cal.App.5th 504, 529 (2018) [affirming PAGA civil penalty of just $5 per pay period where employer made "good faith attempts" to comply with the law].). Based on the information provided by Defendants, there are approximately 660,290 pay periods worked during the PAGA Period. Plaintiffs' counsel calculated Defendant's maximum liability under the PAGA to be **$66,029,000** for all aggrieved employees (660,290 pay periods * $100 "initial" penalty) (*Amaral v. Cintas Corp. No. 2*, 163 Cal.App.4th 1157, 1207 (2008) (finding "initial" violation rate applies until employer is notified that it is violating a Labor Code provision).

42. Summary of Exposure Analysis: Plaintiff estimated that Defendant's maximum potential exposure could have reached **$108,094,761** if Plaintiffs successfully certified each claim, overcame the issues of individualized inquiry and the threshold issue of the arbitration agreements with class action waivers, and prevailed at trial. Of that amount, **$66,029,000** are penalties under the PAGA. The PAGA claim, however, presented the biggest risk – as the Court could have significantly reduced an award under the PAGA to almost nothing. Thus, the valuation of the claims was tempered by the strengths and defenses related to the underlying claims. As such, the $6,755,000 settlement represents about 52.19% of actual damages at issue in this matter, excluding penalties (i.e. $6,755,000 / $12,944,102), about 16.06% of damages in this case

including penalties, but excluding PAGA penalties (i.e., $6,755,000 / $42,065,761), and about 6.2% of total damages in this case including PAGA penalties (i.e., $6,755,000 / $108,094,761).

43. Counsel for Plaintiffs have calculated that under the Settlement Agreement, once appropriate deductions have been made from the Gross Settlement Amount, Settlement Class members will recover an average of approximately $206.08. Further, the Aggrieved Employees will be paid a pro rata portion of the $495,217.50 payment allocated to the Aggrieved Employees' portion of the $1,980,870 allocated to the settlement of Plaintiffs' claim for civil penalties under PAGA.

44. As part of the Settlement, Settlement Class members will not be required to make or submit a claim.

45. The number of Settlement Class members is estimated to be 11,100 individuals. Based on information provided by Defendant in advance of mediation, Settlement Class members worked a total of 394,000 aggregate workweeks during the Class Period. As the Net Settlement Amount is calculated at approximately $2,287,463, each workweek is valued at approximately $5.81. Further, based on information provided by Defendant in advance of mediation, there are approximately 41,305 Aggrieved Employees during the PAGA Period, who worked a collective total of approximately 660,290 pay periods during the PAGA Period. Accordingly, the average PAGA payment to each Aggrieved Employee is estimated to be approximately $11.99.

Attorneys' Fees

48. Class Counsel will request attorneys' fees not to exceed one-third of the Gross Settlement Amount, which is currently estimated to be Two Million Two Hundred Fifty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($2,251,666.67). An attorneys' fee award capped at one-third of the Gross Settlement Amount is fair and reasonable, and is in line with other fee awards in other wage and hour class action settlements. This is also consistent with my experience in other wage and hour class and representative PAGA settlements. Class Counsel will provide a full lodestar analysis at final approval. A fee award equal to one-third of the Gross Settlement Amount is therefore reasonable in light of the facts of this case.

49. Class Counsel has undertaken representation at their own expense, with compensation wholly contingent upon providing a benefit to the Class and I believe that the Settlement Class members will benefit significantly by the terms of the proposed Settlement by receiving substantial monetary compensation.

50. Class Counsel's efforts have included conducting pre-filing investigation, analyzing Plaintiffs' claims, pre-litigation correspondence with Defendant, preparing and serving discovery, conducting ongoing legal research, performing substantial data analysis of Defendant's payroll and time records, working with an expert to construct a comprehensive damage model for purposes of mediation, preparing for and attending mediation, preparing the Motion for Preliminary Approval, and otherwise litigating this case. Class Counsel expect to expend additional attorney time in attending the hearing on this Motion, overseeing the Notice process and fielding questions from Settlement Class members, preparing the final approval papers, and attending the Final Approval hearing.

51. Class Counsel has entered into a Joint Prosecution Agreement, or attorneys' fee-sharing agreement in these cases. Under the terms of the agreement, any attorneys' fees awarded by the Court will be paid as follows: 33.33% to Lebe Law, APLC; 33.33% to James Hawkins APLC; and 33.33% to Haines Law Group, APC and Majarian Law Group, APC (who referred the Cardoso Action to Haines Law Group, APC). This fee sharing agreement was expressly agreed to in writing by Plaintiffs pursuant to Rule of Professional Conduct 1.5.1.

52. Class Counsel will also seek an award of actual costs and expenses in an amount not to exceed $100,000. Class Counsel will submit records of their actual litigation costs in connection with Plaintiffs' Motion for Final Approval of Class Action Settlement. To date, my office has incurred $2,591.90 in out-of-pocket litigation costs. Attached hereto as **Exhibit 3** is a true and correct copy of my firm's expenses to date. This does not include any costs in connection with the filing of the anticipated Final Approval Motion, and any other costs necessary to oversee the notice process.

53. Plaintiffs will apply for Class Representative Service Awards at the time of seeking final approval of the proposed class action settlement in the amount of $15,000 for

Plaintiff Scalise, and $10,000 each for Plaintiffs Evans and Cardoso. Plaintiffs' requested Service Awards are intended to recognize the time and effort Plaintiffs expended on behalf of the Settlement Class and Aggrieved Employees, including providing substantial factual information and documents to Class Counsel, discussing the claims and theories at issue in the litigation, actively participating in the prosecution of their claims, as well as the significant risks Plaintiffs undertook by agreeing to serve as the named plaintiffs in this case.

54. This case has involved nuanced legal issues regarding both substantive and procedural law, including but not limited to questions surrounding Defendant's obligation to pay all minimum and overtime wages to class members, Defendant's obligation to provide meal and rest breaks for class members, Defendant's obligation to reimburse Class members for use of their cell phones for work-related purposes, and Defendant's obligation to pay reporting time pay, to name just a few.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct. Executed on July 31, 2025 in the City of Los Angeles in the State of California.

JONATHAN M. LEBE

EXHIBIT 1

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Settlement Agreement") is reached by and between Plaintiffs Demarco Evans, Anna Cardoso and Paloma Scalise ("Plaintiffs"), on one hand, and Defendant Chipotle Services, LLC (hereinafter "Defendant"), on the other hand. Plaintiffs and Defendant are referred to herein collectively as the "Parties." Plaintiffs and the Settlement Class are represented by Paul K. Haines, Sean M. Blakely, and Alexandra R. McIntosh of Haines Law Group, APC; Jonathan M. Lebe and Zachary T. Gershman of Lebe Law, APLC; and James Hawkins and Christina Lucio of James Hawkins APLC (collectively "Class Counsel"). Defendant is represented by Steve L. Hernández of DLA Piper LLP (US).

This settlement seeks to resolve three different wage and hour class and representative PAGA actions filed in the State of California. On April 12, 2022, Plaintiffs Demarco Evans and Hope Lopez filed a PAGA-only representative action against Defendant in the Orange County Superior Court, in the matter entitled, *Demarco Evans, et al. v. Chipotle Services, LLC,* Case No. 30-2022-01254511-CU-OE-CXC ("*Evans* Action"). Ms. Lopez dismissed her claims. The *Evans* action is a PAGA-only representative action alleging a single cause of action for civil penalties under the PAGA for the following alleged violations: (1) failure to pay minimum wages; (2) failure to pay overtime owed; (3) failure to pay all wages owed during employment; (4) failure to reimburse necessary expenses; (5) failure to pay reporting time pay; (6) knowing and intentional failure to comply with itemized wage statement provisions; (7) failure to provide suitable seats; and (8) failure to keep accurate records. Mr. Evans filed an arbitration with JAMS Case No. 520000871 to assert individual wage and hour claims, hostile work environment, retaliation and wrongful termination claims.

On May 22, 2023, Plaintiff Anna Cardoso filed a PAGA-only representative action against Defendant in the Los Angeles Superior Court, in the matter entitled, *Anna Cardoso v. Chipotle Services, LLC*, Case No. 23STCV11524 ("*Cardoso* Action"). The *Cardoso* Action is a PAGA-only representative action alleging a single cause of action for civil penalties under the PAGA for alleged violations of: (1) unreimbursed cell phone expenses; (2) uncompensated reporting time pay; (3) meal period violations; and (4) rest period violations.

On August 10, 2023, Plaintiff Paloma Scalise filed a putative class action against Defendant in Sacramento Superior Court in the matter entitled, *Paloma Scalise v. Chipotle Services, LLC*, Case No. 23CV006629 ("*Scalise* Action"). The *Scalise* Action is a class and representative action brought on behalf of a class of similarly situated minor employees alleging ten causes of action for: (1) failure to pay minimum wages; (2). failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to permit rest breaks; (5) failure to provide accurate itemized wage statements; (6) failure to reimburse for business expenses;(7) failure to pay reporting time pay; (8) failure to pay all final wages; (9) violation of business and professions code §§ 17200, et seq.; and (10) enforcement of labor code § 2698 *et. seq*.

The *Evans* Action, *Cardoso* Action and *Scalise* Action shall be referred to collectively as the "Action." As part of the Settlement, the Parties agree and stipulate to the filing of an amended consolidated complaint in the *Scalise* Action which adds all named Plaintiffs and all legal and factual allegations alleged in the Action. The Parties agree to seek settlement approval in the *Scalise* Action.

Given the uncertainty of litigation, Plaintiffs and Defendant wish to settle individually and on behalf of the Settlement Class. Accordingly, Plaintiff Scalise and Defendant agree as follows:

1. **Settlement Class and Aggrieved Employees.** For the purposes of this Settlement Agreement only, Plaintiff Scalise and Defendant stipulate to the certification of the following Settlement Class:

> All current and former non-exempt employees who are or were minors and were employed by Defendant in the State of California at any time from August 10, 2019 through July 19, 2024 (the "Class Period").

The Parties agree that certification for purposes of this Settlement Agreement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure or under Rule 23 of the Federal Rule of Civil Procedure. If for any reason this Settlement Agreement is not approved or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

Additionally, the "Aggrieved Employees" shall be defined as:

> All current and former non-exempt employees of Defendant who were employed by Defendant in the State of California from December 2, 2021 through July 19, 2024 (the "PAGA Period").

Plaintiffs Cardoso and Evans will seek to be named as representatives of the of Aggrieved Employees, but are not Settlement Class Members.

2. **Release by Settlement Class Members**. Plaintiff Scalise and every member of the Settlement Class (except those who opt out and except as to the PAGA claims specified below) will fully release and discharge Defendant, and all of its past and present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys, (collectively the "Released Parties"), as follows:

A. **Release by Settlement Class Members**: Upon the Effective Date and the complete funding of the Gross Settlement Amount, all Settlement Class members who do not submit a timely and valid Request for Exclusion, will release all claims, demands, rights, liabilities and causes of action that were pled or which could have been alleged, or that are reasonably related to the facts and claims alleged in the Action that arose during the Class Period including claims for: (a) failure to pay all minimum wages; (b) failure to pay all wages owed during employment; (c) failure to pay all overtime wages; (d) failure to provide meal periods as required by law; (e) failure to authorize rest periods as required by law; (f) failure to provide accurate, itemized wage statements; (g) failure to pay reporting time pay; (h) failure to reimburse all business expenses; (i) failure to provide suitable seats; (j) failure to keep accurate records; and (k) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories described above (the " Class Released Claims"). The period of the Class Released Claims shall extend to the limits of the Class Period.

B. **Release of PAGA Claims:** In addition, all Aggrieved Employees shall release the Released Parties from all claims for civil penalties under PAGA arising during the PAGA Period as disclosed in each of three Plaintiffs' separate Notification Letters to the Labor and Workforce Development Agency ("LWDA") ("the PAGA Released Claims").

C. **General Release by Plaintiffs.** As a condition of receiving the Service Award, and upon Defendant's complete funding of the Gross Settlement Amount, Plaintiffs Cardoso, Scalise, and Evans have agreed to release, individually and in addition to the Class Released Claims and PAGA Released Claims described above, all claims, whether known or unknown, without exception, against the Released Parties. The Parties understand and agree that Plaintiffs are not, by way of this release, releasing any workers' compensation claims, unemployment insurance claims, nor any other claims which cannot be released as a matter of law. Notwithstanding the foregoing, Plaintiffs understand that this release includes unknown claims and that Plaintiffs are, as a result, waiving all rights and benefits afforded by Section 1542 of the California Civil Code, which provides:

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

Specifically excluded from Plaintiffs' Released Claims are any claims that cannot be released as a matter of law, such as claims for workers' compensation benefits or unemployment benefits. No workers' compensation claims are being resolved under this Settlement.

3. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary "Gross Settlement Amount" of Six Million Seven Hundred Fifty-Five Thousand Dollars and Zero Cents ($6,755,000.00) in full and complete settlement of the Action, as follows:

A. The Parties have agreed to engage ILYM Group, Inc. as the "Settlement Administrator" to administer this Settlement.

B. The Gross Settlement Amount shall be deposited with the Settlement Administrator within thirty (30) calendar days of the "Effective Date" (which, for this purpose, shall be defined as the later of (1) date on which the Court enters an Order granting Final Approval of the Settlement Agreement or, (2) solely in the event that there are any objections to the Settlement Agreement (the filing of an objection being a prerequisite to the filing of an appeal), the later of: (i) the last date on which any appeal might be filed or (ii) the successful resolution of any appeal(s) – including expiration of any time to seek reconsideration or further review.

C. This is a non-reversionary settlement. The Gross Settlement Amount includes:

(1) The Net Settlement Amount, which is all payments (including interest) to the Settlement Class, currently anticipated to be Two Million Two Hundred Eighty-Seven Thousand Four Hundred Sixty-Three Dollars and Thirty-Three Cents ($2,287,463.33), subject to adjustment based on final settlement administration and attorneys' costs;

(2) All costs of the Settlement Administrator and settlement administration, which are anticipated to be no greater than One Hundred Thousand Dollars and Zero Cents ($100,000.00);

(3) Up to Fifteen Thousand dollars ($15,000.00) to Plaintiff Scalise, and up to Ten Thousand dollars ($10,000.00) each to Plaintiffs Cardoso and Evans, for a total of Thirty-Five Thousand Dollars ($35,000.00) for Plaintiffs' combined Service Awards, in recognition of their contributions to the lawsuits and their service to the Settlement Class and Aggrieved Employees. Even in the event that the Court reduces or does not approve the requested Service Awards, Plaintiffs shall not have the right to revoke this Settlement Agreement, and it will remain binding;

(4) Up to one-third of the Gross Settlement Amount in Class Counsel's attorneys' fees, currently estimated to be Two Million Two Hundred Fifty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($2,251,666.67), plus actual costs and expenses incurred by Class Counsel related to the Lawsuit as supported by declaration, which are currently estimated to be no greater than One Hundred Thousand Dollars and Zero Cents ($100,000.00). In the event that the Court reduces or does not approve the requested Class Counsel attorneys' fees or costs, Class Counsel shall not have the right to revoke this Settlement Agreement, and it will remain binding; and

(5) One Million Nine Hundred Eighty Thousand Eight Hundred Seventy Dollars and Zero Cents ($1,980,870.00) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code section 2699(i), seventy-five percent (75%) of such penalties, or One Million Four Hundred Eighty-Five Thousand Six Hundred Fifty-Two Dollars and Fifty Cents

($1,485,652.50) will be payable to the Labor & Workforce Development Agency ("LWDA"), and the remaining twenty-five percent (25%), or Four Hundred Ninety-Five Thousand Two Hundred Seventeen Dollars and Fifty Cents ($495,217.50), will be payable to Aggrieved Employees as the "PAGA Amount," which PAGA Amount will be distributed as described below.

D. **Escalator Clause**. The Gross Settlement amount is based on Defendant's representations that there were approximately 830,230 aggregate pay periods worked by the Settlement Class during the Class Period and the PAGA Aggrieved Employees during the PAGA Period. If, at the time of preliminary approval, the number of pay periods has increased by 10% or more (i.e., if there are 913,253 or more pay periods), Defendant agrees to either: (1) increase the Gross Settlement Amount on a proportional basis for every percent above the 10% threshold (i.e., if there was 18% increase in the number of aggregate pay periods, Defendant would agree to increase the Gross Settlement Amount by 8%.); or (2) that the Class Period and PAGA Period will end on the date on which the aggregate pay period count reaches 913,253.

E. Defendant's share of payroll taxes shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount.

4. **Payments to the Settlement Class.** Settlement Class members are not required to submit a claim form to receive a payment ("Individual Settlement Award") from the Settlement. Individual Settlement Awards will be determined and paid as follows:

A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel's attorneys' fees, Class Counsel's costs and expenses, Plaintiffs' Service Awards, the Settlement Administrator's fees and expenses for administration, and the total amount designated as PAGA civil penalties. The remaining amount shall be known as the "Net Settlement Amount."

B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member's Individual Settlement Award based on the following formula:

i. Payments to all participating Settlement Class members: the Net Settlement Amount will be distributed to all participating Settlement Class members based on each participating Settlement Class member's proportionate pay periods worked during the Class Period, and will be calculated by multiplying the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member's number of pay periods worked during the Class Period, and the denominator of which is the total pay periods worked by all participating Settlement Class members during the Class Period.

ii. PAGA Amount: the PAGA Amount will be allocated as follows: Each Aggrieved Employee who was employed by Defendant at any time during the PAGA Period (including those who submit a valid and timely Request for Exclusion from the class action settlement), shall receive a portion of the PAGA Amount proportionate to the number of pay periods worked during the PAGA Period, and which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the Aggrieved Employee's gross number of pay periods worked during the PAGA Period, and the denominator of which is the total number of pay periods worked by all Aggrieved Employees (including those who submit a valid and timely Request for Exclusion from the class action settlement) during the PAGA Period.

C. Within ten (10) calendar days following Defendant's deposit of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate Individual Settlement Award amounts and provide the same to the Parties' counsel for review and approval. Within seven (7) calendar days of approval by the Parties' counsel, the Settlement Administrator will prepare and mail Individual Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class members. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant's counsel.

D. For purposes of calculating applicable taxes and withholdings, each Settlement Award shall be allocated as follows: Any payment from the NSA shall be allocated as two-thirds (2/3) as penalties and interest; and one-third (1/3) as wages. Any payment from the PAGA Amount shall be allocated as 100% penalties. The Settlement Administrator will be responsible for issuing to participating Settlement Class members IRS Forms W-2 for amounts deemed "wages" and IRS Forms 1099 for the amounts allocated as penalties and interest. Notwithstanding the treatment of the payments to each Settlement Class member and Aggrieved Employees above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.

E. Each member of the Settlement Class or Aggrieved Employee who receives a Settlement Award or Individual PAGA Payment must cash that check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class members or Aggrieved Employees whose checks are not cashed within 180 days after mailing shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code § 1500 *et seq.*, in the name of the

Settlement Class member or Aggrieved Employee to whom the check was issued, until such time that they claim their property.

F. Neither Plaintiffs nor Defendant shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

5. **Attorneys' Fees and Costs.** Defendant will not object to Class Counsels' request for a total award of attorneys' fees of one-third of the Gross Settlement Amount, which is currently estimated to be Two Million Two Hundred Fifty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($2,251,666.67). Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed One Hundred Thousand Dollars and Zero Cents ($100,000.00) from the Gross Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator when the Settlement Administrator pays the fee award allowed by the Court.

6. **Service Awards.** Defendant will not object to a request for Service Awards of up to Fifteen-Thousand Dollars and Zero Cents ($15,000.00) to Plaintiff Scalise, and up to Ten Thousand Dollars each to Plaintiff Evans and Cardoso, for a total of Thirty-Five Thousand Dollars and Zero Cents ($35,000.00), for their time and risk in prosecuting this case, and their service to the Settlement Class and Aggrieved Employees. These awards will be in addition to Plaintiffs' respective Individual Settlement Awards as Settlement Class members and/or Aggrieved Employees, and shall be reported on an IRS Form 1099 issued by the Settlement Administrator. In the event that the Court reduces or does not approve the requested Service Awards, Plaintiffs each shall not have the right to revoke this Settlement, and it will remain binding.

7. **Settlement Administrator.** Defendant will not object to the appointment of ILYM Group, Inc. as Settlement Administrator. Defendant will not object to Plaintiffs' request to the Court to pay up to One Hundred Thousand Dollars and Zero Cents ($100,000.00) for its services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for sending notices and for calculating Individual Settlement Awards and Individual PAGA Payments and preparing all checks and mailings, calculating Defendant's share of taxes payable on the wages, performing skip traces on returned notices, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount by Class Counsel only after Individual Settlement Awards have been mailed to all participating Settlement Class members. The Settlement Administrator shall also be responsible for posting the Final Judgment to its website.

8. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff Scalise shall apply to the Court for the entry of an Order:

A. Conditionally certifying the Settlement Class for purposes of this Settlement Agreement;

B. Appointing Paul K. Haines, Sean M. Blakely, and Alexandra R. McIntosh of Haines Law Group, APC; Jonathan M. Lebe and Zachary T. Gershman of Lebe Law, APLC; and James Hawkins of James Hawkins APLC as Class Counsel;

C. Appointing Plaintiff Paloma Scalise as Class Representative for the Settlement Class;

D. Appointing Plaintiffs Evan and Cardoso as representatives of the Aggrieved Employees;

E. Approving ILYM Group, Inc. as Settlement Administrator;

F. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;

G. Approving the form and content of the Notice Packet (which is comprised of the Class Notice and Notice of Estimated Settlement Award, drafts of which are attached hereto as **Exhibits A** and **B**, respectively), and directing the mailing of same; and

H. Scheduling a Final Approval hearing.

9. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

A. Within ten (10) business days after entry of an order preliminarily approving this Settlement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers, social security numbers, the dates of employment, and the number of workweeks worked by each Settlement Class member and Aggrieved Employee while employed during the Class Period and PAGA Period (the "Class/PAGA Data"). The Class/PAGA Data shall be provided to the Settlement Administrator in an electronic format satisfactory to the Settlement Administrator.

B. Within ten (10) business days from receipt of this information, the Settlement Administrator shall (i) run the names of all Settlement Class members through the National Change of Address ("NCOA") database to determine any updated addresses for Settlement Class members and Aggrieved Employees; (ii) update the address of any Settlement Class member and Aggrieved Employee for whom an updated address was found through the NCOA search; (iii) calculate the estimated Individual Settlement Award for each Settlement Class member; and (iv) mail a Notice Packet to each Settlement Class member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.

C. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the Settlement must complete and mail a Request for Exclusion (defined below) to the Settlement Administrator within forty-five (45) calendar days of the date of the initial mailing of the Notice Packets (the "Response Deadline"). Aggrieved Employees who are not Settlement Class members may not request exclusion from the Settlement.

i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the Settlement must submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class member; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the Settlement, except a Request for Exclusion not containing a Settlement Class member's telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class member who requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement and will not be bound by the terms of the Settlement or have any right to object, appeal or comment thereon. Notwithstanding the foregoing, the PAGA settlement and release provisions will apply to all Settlement Class members whether or not they exclude themselves from the class action settlement. Settlement Class members who were employed by Defendant at any time during the PAGA Period and submit a valid and timely Request for Exclusion shall still be entitled to their portion of the PAGA Amount described above, and will release all PAGA Released Claims, whether they submit a valid and timely Request for Exclusion or not.

D. Objections. Members of the Settlement Class who do not request exclusion may object to this Settlement Agreement as explained in the Class Notice by filing a written objection with the Settlement Administrator (who shall serve all objections as received on Class Counsel and Defendant's counsel, as well as file all such objections with the Court). Defendant's counsel and

Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval, unless the objections are filed within ten (10) days of the Motion for Final Approval filing deadline, in which case Defendant's counsel and Class Counsel shall have ten (10) days to file a response to the objections. To be valid, any written objection should: (1) contain the objecting Settlement Class member's full name and current address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection; (2) include all objections and the factual and legal bases for same; (3) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; and (4) be postmarked no later than the Response Deadline. Members of the Settlement Class who do not request exclusion may also object to the Settlement by appearing at the Final Approval Hearing. Members of the Settlement Class who request exclusion *may not* object to the Settlement. Aggrieved Employees who are not Settlement Class members may not object to the Settlement.

E. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class member shall disclose the amount of their estimated Individual Settlement Award as well as all of the information that was used from Defendant's records in order to calculate the Settlement Award. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Estimated Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Individual Settlement Awards under the terms of this Settlement Agreement. The Settlement Administrator's determination of the eligibility for and amount of any Individual Settlement Award shall be binding upon the Settlement Class member or Aggrieved Employee and the Parties.

F. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an updated mailing address within five (5) business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within three (3) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. It will be conclusively presumed that, if an envelope so mailed has not been returned within thirty (30) days of the mailing, the Settlement Class member received the Notice Packet. Settlement Class members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline has expired, whichever is later, to submit a Request for Exclusion, Objection, or dispute. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline. If a Settlement Class member's Notice Packet is returned to the Settlement Administrator more than once as non-deliverable, then an additional Notice Packet shall not be mailed. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defendant's Counsel to provide notice of the proposed settlement.

G. Explanatory Letter and Individual PAGA Payments to Aggrieved Employees. Within ten (10) calendar days following Defendant's deposit of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator will circulate to counsel for all Parties an anonymized spreadsheet containing the Individual PAGA Payments to each Aggrieved Employee. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments. Within seven (7) calendar days of approval by the Parties' counsel, the Settlement Administrator shall mail copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit C**, in English and Spanish, along with Individual PAGA Payments to all Aggrieved Employees via regular First-Class U.S. Mail.

i. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Aggrieved Employee. Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other reputable search method using the name, address or Social Security number of the Aggrieved Employee involved, and will perform up to a single re-mailing if a new address is located.

10. **Final Approval.** Following preliminary approval and the close of the period for filing requests for exclusion, objections, or disputes under this Settlement Agreement, Plaintiff Scalise shall apply to the Court for entry of an Order:

A. Granting final approval of the Settlement, adjudging the terms thereof to be fair, adequate, and reasonable, and directing consummation of its terms and provisions;

B. Approving Plaintiffs' and Class Counsel's request for attorneys' fees and reimbursement of costs, Class Representative Service Awards, and settlement administration costs; and

C. Entering Final Judgment pursuant to California Rule of Court 3.769. Said Judgment shall be posted on the Settlement Administrator's website.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to Federal Evidence Code section 408 and California Evidence Code section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by Federal Evidence Code section 408 and the California Evidence Code section 1152.

12. **Non-disclosure and Non-publication**. Plaintiffs and Class Counsel agree not to disclose or publicize the Settlement Agreement contemplated herein, the fact of the Settlement Agreement, its terms or contents, or the negotiations underlying the Settlement Agreement, in any manner or form, directly or indirectly, to any person or entity, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other Lawsuits, Class Counsel may disclose the names of the Parties in this Lawsuit, the venue/case number of this Lawsuit, and a general description of the Lawsuit, to a court in a declaration by Class Counsel.

13. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

14. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Defendant: Steve L. Hernández, DLA Piper LLP (US), 2000 Avenue of the Stars, Suite 400, North Tower, Los Angeles, California 90067, steve.hernandez@us.dlapiper.com

if to Plaintiffs: Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; Jonathan M. Lebe, Lebe Law, APLC, 777 S. Alameda Street, Second Floor, Los Angeles, California 90021, jon@lebelaw.com; Christina Lucio, James Hawkins APLC, 9880 Research Drive, Irvine, California 92618, christina@jameshawkinsaplc.com

15. **Cooperation**. The Parties agree to work cooperatively, diligently and in good faith to ensure that all documents necessary to effectuate this Settlement are properly and timely filed.

16. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the Lawsuit contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof. Further, all terms of this Agreement and the exhibits hereto shall be governed by and interpreted according to the laws of the State of California.

17. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

18. **Enforcement Action.** The Parties agree that the Sacramento County Superior Court shall have jurisdiction to enforce this Settlement pursuant to California Code of Civil Procedure section 664.6. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

Dated: 1/4/2025

Signed by:
20150D949EF2453

____
Plaintiff Demarco Evans

Dated:

____
Plaintiff Anna Cardoso

Dated:

____
Plaintiff Paloma Scalise

Dated:

____
Defendant Chipotle Services, LLC
By its: ________________________

if to Plaintiffs: Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; Jonathan M. Lebe, Lebe Law, APLC, 777 S. Alameda Street, Second Floor, Los Angeles, California 90021, jon@lebelaw.com; Christina Lucio, James Hawkins APLC, 9880 Research Drive, Irvine, California 92618, christina@jameshawkinsaplc.com

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Dated: ______________________________

Plaintiff Demarco Evans

Dated: 1/6/2025

Signed by:

Anna Cardoso

EDF79B4E526A4DC...

Plaintiff Anna Cardoso

Dated: ______________________________

Plaintiff Paloma Scalise

Dated: ______________________________

Defendant Chipotle Services, LLC

By its: ______________________

if to Plaintiffs: Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; Jonathan M. Lebe, Lebe Law, APLC, 777 S. Alameda Street, Second Floor, Los Angeles, California 90021, jon@lebelaw.com; Christina Lucio, James Hawkins APLC, 9880 Research Drive, Irvine, California 92618, christina@jameshawkinsaplc.com

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18. **Enforcement Action.** The Parties agree that the Sacramento County Superior Court shall have jurisdiction to enforce this Settlement pursuant to California Code of Civil Procedure section 664.6. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

Dated: ______________________________
Plaintiff Demarco Evans

Dated: ______________________________
Plaintiff Anna Cardoso

Dated: Jan 16, 2025 ______________________________
Paloma Scalise (Jan 16, 2025 18:02 PST)
Plaintiff Paloma Scalise

Dated: ______________________________
Defendant Chipotle Services, LLC
By its: ______________________

if to Plaintiffs: Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; Jonathan M. Lebe, Lebe Law, APLC, 777 S. Alameda Street, Second Floor, Los Angeles, California 90021, jon@lebelaw.com; Christina Lucio, James Hawkins APLC, 9880 Research Drive, Irvine, California 92618, christina@jameshawkinsaplc.com

15. **Cooperation**. The Parties agree to work cooperatively, diligently and in good faith to ensure that all documents necessary to effectuate this Settlement are properly and timely filed.

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18. **Enforcement Action.** The Parties agree that the Sacramento County Superior Court shall have jurisdiction to enforce this Settlement pursuant to California Code of Civil Procedure section 664.6. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

Dated: ______________________________
Plaintiff Demarco Evans

Dated: 1/6/2025
Signed by:
AnnaCardoso
EDF79B4E526A4DC...
Plaintiff Anna Cardoso

Dated: ______________________________
Plaintiff Paloma Scalise

Dated: ______________________________
Defendant Chipotle Services, LLC
By its: Chief Financial Officer

Dated: January 16, 2025

LEBE LAW, APLC

Jonathan M. Lebe
Attorneys for Plaintiffs

Dated: January 21, 2025

HAINES LAW GROUP, APC

Paul K. Haines
Attorneys for Plaintiffs

Dated:

JAMES HAWKINS APLC

Christina Lucio
Attorneys for Plaintiffs

Dated:

DLA PIPER LLP (US)

Steve L. Hernández
Attorneys for Defendant

Dated:

LEBE LAW, APLC

Jonathan M. Lebe
Attorneys for Plaintiffs

Dated:

HAINES LAW GROUP, APC

Paul K. Haines
Attorneys for Plaintiffs

Dated: 01/04/2025

JAMES HAWKINS APLC

Christina Lucio
Attorneys for Plaintiffs

Dated:

DLA PIPER LLP (US)

Steve L. Hernández
Attorneys for Defendant

EXHIBIT A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Scalise, et al. v. Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc.
(Sacramento County Superior Court, Case No. 23CV006629)

THIS IS A COURT-AUTHORIZED NOTICE. IT IS NOT A SOLICITATION.
PLEASE READ THIS NOTICE CAREFULLY.
YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.

To:	**All current and former non-exempt employees who are or were minors and were employed by Defendant in the State of California at any time from August 10, 2019 through July 19, 2024.**

BASIC INFORMATION

1. What Is This Settlement About?

On April 12, 2022, a lawsuit was commenced by Demarco Evans ("Plaintiff Evans"), a former employee of Defendant Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc. ("Defendant"), in Orange County Superior Court, Case No. 30-2022-01254511-CU-OE-CXC. On May 22, 2023, another lawsuit was commenced by Plaintiff Anna Cardoso ("Plaintiff Cardoso") in Los Angeles County Superior Court, Case No. 23STCV11524. On August 10, 2023, a third lawsuit was commenced by Plaintiff Paloma Scalise ("Plaintiff Scalise") in Sacramento County Superior Court, Case No. 23CV006629 (the "Lawsuit"). On March 25, 2025, as part of the Settlement, Plaintiffs filed a Second Amended Complaint ("SAC") in the Lawsuit, consolidating the claims from all three actions.

The Lawsuit claims that Defendant violated sections of the California Labor Code and California Business and Professions Code. Plaintiffs allege that Defendant failed to pay all minimum and overtime wages earned, failed to provide compliant meal and rest periods, did not provide accurate wage statements, did not timely pay all wages during employment and all wages owed upon separation of employment, failed to reimburse employees for necessary business expenses, failed to pay all reporting time pay, and maintained unfair business practices. The settlement also seeks to recover penalties pursuant to the California Private Attorneys General Act of 2004 ("PAGA"). The Lawsuit alleges that Defendant violated the California Labor Code, and the California Business and Professions Code, entitling Settlement Class members to damages, penalties, and restitution. **Defendant denies all alleged violations and denies that it owes Settlement Class members any damages, penalties, and/or remedies.** The Court has not made a ruling on the merits of the Lawsuit.

2. Why Is This A Class Action?

In a class action, one or more people called the Class Representative (Paloma Scalise) sue on behalf of people who appear to have similar claims. All these people are referred to in this Notice as Settlement Class members. In a class action, the court resolves the issues for all Settlement Class members in one lawsuit, except for those who exclude themselves from the Class. The Sacramento County Superior Court ("Court") oversees this class action.

3. Why Is There A Settlement?

The Court has not decided in favor of the Plaintiffs or Defendant. Instead, both sides agreed to a settlement, which is memorialized in the Settlement Agreement ("Agreement" or "Settlement"). On [date of preliminary approval], the Court granted preliminary approval of the Settlement, appointed Plaintiff Scalise as the Class Representative, and appointed their attorneys at Lebe Law, APLC, Haines Law Group, APC, and James Hawkins APLC as counsel for the Class ("Class Counsel").

WHO IS IN THE SETTLEMENT?

4. How Do I Know If I Am Part Of The Settlement?

You are part of the Settlement and are a Settlement Class member if you are or were a minor and were employed by Defendant in the State of California at any time from August 10, 2019 through July 19, 2024 ("Class Period").

THE SETTLEMENT BENEFITS—WHAT YOU GET

5. What Does The Settlement Provide?

The Settlement provides that Defendant will pay a maximum amount of Six Million Seven Hundred Fifty-Five Thousand Dollars ($6,755,000) ("Gross Settlement Amount"). This includes all payments to Settlement Class members, costs and attorneys' fees for Class Counsel, settlement administration costs, and the service awards to the Plaintiffs.

The "Net Settlement Amount" is the amount available for distribution to Settlement Class members who do not submit timely and valid requests for exclusion in exchange for the release of their class claims. The Net Settlement Amount is the Gross Settlement Amount less the following amounts (which are subject to Court approval):

A. **Attorneys' Fees and Expenses to Class Counsel.** Class Counsel have been prosecuting the Lawsuit on behalf of the Settlement Class members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys' fees, which will be paid from the Gross Settlement Amount. Settlement Class members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for fees of up to one-third of the Gross Settlement Amount, which is currently estimated to be Two Million Two Hundred Fifty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents ($2,251,666.67). Class Counsel will also ask for reimbursement of up to $100,000.00 for verified litigation costs Class Counsel incurred in connection with the Lawsuit;

B. **Service Awards to the Class Representatives.** Plaintiffs will ask the Court to approve Service Awards in an amount not to exceed Fifteen Thousand Dollars ($15,000) for Plaintiff Scalise and Ten Thousand Dollars ($10,000) each for Plaintiff Cardoso and Plaintiff Evans for a total of Thirty-Five Thousand Dollars ($35,000), for their service to the Settlement Class members;

C. **Settlement Administration Costs.** The Court has approved ILYM Group, Inc. to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. Plaintiffs will ask the Court to approve administration costs in an amount not to exceed One Hundred Thousand Dollars ($100,000); and

D. **PAGA Payment.** The Parties have allocated One Million Nine Hundred Eighty Thousand Eight Hundred Seventy Dollars ($1,980,870) for the settlement of claims arising under PAGA. Seventy-Five percent (75%) of this amount ($1,485,652.50) shall be paid to the Labor and Workforce Development Agency ("LWDA"). The remaining twenty-five percent (25%) of this amount ($495,217.50) will be distributed to all current and former non-exempt employees of Defendant who were employed by Defendant in the State of California from December 2, 2021 through July 19, 2024 ("PAGA Period"). These employees are referred to as the "Aggrieved Employees."

The amount you are eligible to receive from the Settlement, your "Individual Settlement Award" will be determined on a *pro rata* basis, based on the number of pay periods you worked in California between August 10, 2019 through July 19, 2024.

Your Individual Settlement Award will be apportioned as one-third (33.33%) wages and two-thirds (66.66%) will be apportioned as interest and penalties. The wage portion of the Individual Settlement Award will be subject to tax withholdings customarily made from an employee's wages and all other authorized and required withholdings and will be reported on a W-2 Form. Employee payroll taxes on the wage portion of Individual Settlement Awards shall be deducted from the Net Settlement Amount. The penalties and interest portions of each Settlement Class member's settlement payment shall be reported on an IRS Form 1099. Settlement Class members are responsible for the proper income tax treatment of their Individual Settlement Awards. The Settlement Administrator, Defendant and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

6. How Can I Get A Payment?

You do not have to do anything to qualify for a payment of your portion of the Settlement. If you do nothing, you will be entitled to your share of the Settlement based on the proportionate number of pay periods you worked during the Class Period as stated in the accompanying Notice of Estimated Individual Settlement Award. You also will be bound by the Settlement, including the release of claims stated below.

Your Individual Settlement Award is based on the number of pay periods you worked during the Class Period. The information contained in Defendant's records regarding the number of pay periods you worked during the Class Period, along with your estimated Individual Settlement Award, is listed on the accompanying Notice of Estimated Individual Settlement Award. If you disagree with the information in your Notice of Estimated Individual Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Estimated Individual Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

The Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class members. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Individual Settlement Awards. The Settlement Administrator's determination of the eligibility for and amount of any Individual Settlement Award will be binding on the Settlement Class member and the Parties.

<u>Conditions of Settlement</u>. The Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class, and the entry of Judgment.

<u>Payments to Settlement Class Members</u>. If the Court grants final approval of the Settlement, Individual Settlement Awards will be mailed to all Settlement Class members who did not submit a valid and timely Request for Exclusion. Settlement checks will be valid for 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class Members whose checks were not cashed within 180 days after mailing shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, in the name of the Settlement Class member.

7. What Am I Giving Up If I Do Not Request To Be Excluded From The Settlement?

Upon the Effective Date and the complete funding of the Gross Settlement Amount, in exchange for the consideration set forth by the Settlement, Settlement Class members who do not submit a timely, valid request for exclusion will release the "Released Parties" from the "Class Released Claims" that arose during the "Class Period."

The "Released Parties" include Defendant, and all of its past and present officers, directors, shareholders, employees, agents, principals, heirs, representative, accountants, auditors, consultants, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys.

The "Class Released Claims" means all claims, demands, rights, liabilities and causes of action that were pled or which could have been alleged, or that are reasonably related to the facts and claims alleged in the Action that arose during the Class Period including claims for: (a) failure to pay all minimum wages; (b) failure to pay all wages owed during employment; (c) failure to pay all overtime wages; (d) failure to provide meal periods as required by law; (e) failure to authorize rest periods as required by law; (f) failure to provide accurate, itemized wage statements; (g) failure to pay reporting time pay; (h) failure to reimburse all business expenses; (i) failure to provide suitable seats; (j) failure to keep accurate records; and (k) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories described above. The period of the Class Released Claims shall extend to the limits of the Class Period.

The "Class Period" during which the release of Class Released Claims pertains is from August 10, 2019 through July 19, 2024.

In addition, all current and former non-exempt employees of Defendant who were employed by Defendant in the State of California from December 2, 2021 through July 19, 2024 (the "PAGA Period") are referred to as the Aggrieved Employees, and shall release the Released Parties from all claims for civil penalties under PAGA arising during the PAGA Period as disclosed in each of three Plaintiffs' separate Notification Letters to the Labor and Workforce Development Agency ("LWDA"), even if they submit a timely and valid Request for Exclusion from the Class Action Settlement ("the PAGA Released Claims").

8. How Can I Not Participate In The Settlement?

If you do not wish to take part in the class action settlement and/or want to keep the right to sue or continue to sue Defendant with respect to the Class Released Claims (other than those which arise under the Private Attorney General Act (California Labor Code sections 2698 *et seq*.), then you must submit a "Request for Exclusion" letter or card postmarked no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, and your signature.

Any person who submits a timely Request for Exclusion from the Settlement shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class member, shall be barred from participating in any portion of the class action Settlement, and shall receive no benefits from the class action Settlement. However, all Aggrieved Employees who worked for Defendant during the PAGA Period, including those who opt out, will be bound by the PAGA portion of the Settlement and will receive a portion of the PAGA penalties. **Do not submit both a Dispute and a Request for Exclusion.** If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

If you exclude yourself, you will not receive payment from the Net Settlement Amount. However, if eligible, you will still receive a payment in an amount equal to your estimated *pro rata* share of the PAGA Amount because the Request for Exclusion does not apply to the PAGA claim.

To exclude yourself from the release of Class Released Claims you must submit a written request for exclusion letter or card postmarked by the RESPONSE DEADLINE. Your Request for Exclusion must include your name, address, signature, and the last four digits of your social security number. Your request for exclusion must also include a statement that you do not wish to be included in this action similar to the following: I wish to exclude myself from the class action settlement reached in the matter of *Scalise, et al. v. Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc.* I understand that by excluding myself I will not receive money from the class portion of the Settlement."

Your Request for Exclusion must be mailed, faxed or emailed to the Settlement Administrator at the address listed below, post-marked by [Response Deadline]. **You cannot exclude yourself by phone.**

[Settlement Administrator]
[Address]
[Telephone No.]
[Fax No.]

If you ask to be excluded, you will not receive payment of any portion of the Net Settlement Amount and you cannot object to the Settlement. You will not be legally bound by the release of Class Released Claims (except for Released Claims that arise under the Private Attorney General Act (California Labor Code sections 2698 *et seq.*)).

If you do not submit a written request for exclusion but do not cash the settlement check that you receive, you ***will not be*** excluded from the release of Class Released Claims. You must submit a written request for exclusion if you wish to be excluded from the release of Class Released Claims.

9. If I Don't Exclude Myself, Can I Sue Defendants For The Same Thing Later?

No. Unless you submit a request for exclusion, you give up the right to sue Defendant and the other Released Parties for the Class Released Claims. If you have a pending lawsuit involving the Class Released Claims, speak to your lawyer in that lawsuit immediately.

10. If I Exclude Myself, Can I Get Money From This Settlement?

No. You will not receive money from the Net Settlement Amount. If you worked between December 2, 2021 through July 19, 2024, you will still receive a share of the PAGA Payment as an opt-out request does not apply to the PAGA claim.

THE LAWYERS REPRESENTING THE PROPOSED CLASS

11. Do I Have A Lawyer In This Case?

The Court has approved Lebe Law, APLC, Haines Law Group, APC, and James Hawkins APLC as Class Counsel. The firms' contact information are as follows:

LEBE LAW, APLC
Jonathan M. Lebe
Brielle D. Edborg
Jon@lebelaw.com
Brielle@lebelaw.com
3900 W Alameda Avenue, Fifteenth Floor
Burbank, CA 91505
Telephone: (213) 444-1973

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

JAMES HAWKINS APLC
James R. Hawkins
Christina M. Lucio
9880 Research Drive, Suite 200
Irvine, California 92618
Telephone: (949) 387-7200

OBJECTING TO THE SETTLEMENT

You can object to the Settlement or some part of it.

12. How Do I Tell The Court If I Don't Like The Settlement?

If you are a Settlement Class member, you can object to the Settlement and you can give reasons for why you think the Court should not approve it. The Court will consider your views. To object, you can either mail your objection to the Settlement Administrator no later than [Response Deadline], or you may orally voice your objections at the Court's Final Approval Hearing. Your written objection should include (i) your full name, current address, as well as contact information for any attorney representing you; (ii) include all objections and the factual and legal bases for the objections (iii) include any and all supporting papers, briefs, written evidence, declarations and/or other evidence; and (iv) be postmarked by the [Response Deadline]. You may also come to the Final Approval Hearing on [DATE] and make an objection at that time, regardless of whether you submitted a written objection. Plaintiffs and Defendant will be permitted to respond in writing to any such written Objections.

13. What Is The Difference Between Objecting And Excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

14. When And Where Will The Court Decide Whether To Approve The Settlement?

The Court will hold the Final Approval Hearing on [______________] at 9:00 a.m. at the Sacramento County Superior Court located at 720 Ninth Street, Sacramento, CA 95814 in Department 22.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and will determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them.

15. Do I Have To Come To The Hearing?

No. If you agree to the Settlement, you do not have to come to Court to talk about it. However, you may attend. You may also retain your own lawyer at your expense to attend on your behalf. You can attend the Final Approval Hearing on [______________] at 9:00 a.m. in person or remotely by joining the Department 22 zoom link or phone number listed below:

To join by Zoom link: https://saccourt-ca-gov.zoomgov.com/my/sscdept22
To join by phone: (833) 568-8864 / ID: 16184738886

16. How Will I Learn If The Settlement Was Approved?

A notice of final judgment will be posted on the Settlement Administrator's website located at __________. The Settlement Administrator's website will also contain important information about the case, including if the Final Approval Hearing is rescheduled.

IF YOU DO NOTHING

17. What Happens If I Do Nothing At All?

If you do nothing, you will receive your share of the Settlement, and you will release the Class Released Claims. You will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendant or the other Released Parties about the Class Released Claims, ever again. Your Individual Settlement Award will be mailed to you and remain valid and negotiable for 180 days. If you do not cash your settlement check within 180 days, these funds will be transferred to the Controller of the State of California's Unclaimed Property Fund. You may then claim these funds from there.

GETTING MORE INFORMATION

18. How Do I Get More Information?

This notice summarizes the proposed Settlement. More details are in the Agreement. You can get a copy of the Agreement by viewing the Settlement located on the Settlement Administrator's website at __________ or by contacting the Settlement Administrator or Class Counsel. You may also review the documents that have been filed in this matter with the Court (for a fee) on the Court's website: https://www.saccourt.ca.gov/civil/file-status.aspx.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT OR THE JUDGE

EXHIBIT B

NOTICE OF ESTIMATED INDIVIDUAL SETTLEMENT AWARD

Paloma Scalise, et al. v. Chipotle Services, LLC, DBA Chipotle Mexican Grill, Inc.
SACRAMENTO COUNTY SUPERIOR COURT CASE NO. 23CV006629

Please complete, sign, date and return this Form to <<ADMINISTRATOR CONTACT INFO>> **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the items listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

____
(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

____
Former Names (if any)

____
New Street Address

____
City State Zip Code

(III) Information Used to Calculate Your Individual Settlement Award:

According to Defendant Chipotle Services, LLC's ("Chipotle") records:

(a) you worked ____ pay periods as a minor for Chipotle in the State of California between August 10, 2019 and July 19, 2024.

Based on the above, your Individual Settlement Award is estimated at **$________**.

(IV) If you disagree with item (a) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this Form:

____
____
____
____
____
____

If you dispute the above information from Chipotle's records, Chipotle's records will control unless you are able to provide documentation that establishes otherwise and that Chipotle's records are mistaken. If there is a dispute about whether Chipotle's information or yours is accurate, and the dispute cannot be resolved informally, the dispute will be resolved by the Settlement Administrator as described in the "Notice of Proposed Class Action Settlement" that accompanies this Form.

ANY DISPUTES, ALONG WITH ANY SUPPORTING DOCUMENTATION, MUST BE POSTMARKED NO LATER THAN <<RESPONSE DEADLINE>>.

Signature: ____________________________ **Date:** ________________

EXHIBIT C

Re: ***Paloma Scalise, et al. v. Chipotle Services, LLC***
Superior Court of California Sacramento County; Case No. 23CV006629

Date: __/__/2025

SIMID
Name
Address

Dear Name:

Enclosed, please find a check made payable to you. This is your payment from the settlement of a lawsuit titled *Paloma Scalise, et al. v. Chipotle Services, LLC*, Sacramento Superior Court, Case No. 23CV006629, pending in the Superior Court of the State of California for the County of Sacramento (the "Action").

The Action was filed against Chipotle Services, LLC ("Chipotle") and includes a claim pursuant to the California Labor Code Private Attorneys General Act of 2004, California Labor Code § 2698, *et seq.* ("PAGA"). The Action was brought by Plaintiffs Paloma Scalise, Demarco Evans and Anna Cardoso ("Plaintiffs"), former employees of Chipotle, on behalf of the State of California and other alleged aggrieved employees. You have been identified as one of the employees on whose behalf the case was brought.

In the lawsuit, Plaintiffs claimed that Chipotle violated the California Labor Code by failing to pay minimum wages, failing to pay overtime wages, failing to provide compliant meal and/or rest breaks, failing to reimburse employees for necessary business expenditures, failing to pay all reporting time wages, failing to pay all wages to separated employees, and failing to provide employees with accurate, itemized wage statements. Chipotle disputes all of Plaintiffs' allegations and denies that it engaged in any of the alleged misconduct. The parties have reached a settlement of Plaintiffs' representative PAGA claims, and on [DATE], the Court approved the settlement, including the amount of civil penalties to be paid under the settlement. A portion of the civil penalty settlement amount goes to the State of California's Labor and Workforce Development Agency ("LWDA"). Another portion of the civil penalty settlement amount goes to employees of Chipotle who were allegedly affected by the alleged violations of the Labor Code. In agreeing to enter into this settlement, **Chipotle does not admit that it is liable in any way to current or former employees for any violations of the California Labor Code, or any penalties, and has denied and disputed all of Plaintiffs' contentions**. The Court has not decided the merits of Plaintiffs' claims or Chipotle's defenses.

Pursuant to the settlement, enclosed is a check for your share of a portion of the civil penalties. This check will remain valid for 180 days from the date of issuance. Please note that no deductions/withholdings have been made from your settlement payment, and you will be responsible for any tax consequences arising from your receipt of the same (for which an IRS Form 1099 will issue). If you do not cash your check within 180 days of issuance, the funds will be sent to the State Controller's Office Unclaimed Property Division in your name. If you are still employed by Chipotle, your decision to cash the check will not affect your employment in any way.

While you were not a party to the Action, you and the State of California have been bound by the settlement entered in this matter and approved by the Court, including the release contained in the settlement. The release pertains to civil penalties under PAGA only. The release includes all claims for civil penalties under PAGA arising during the time period from December 2, 2021 through July 19, 2024 (the "PAGA Period") as disclosed in each of the three Plaintiffs' separate Notification Letters to the LWDA.

If you have any questions, you can contact ILYM Group, Inc., the Settlement Administrator, at 1-___-____.

EXHIBIT 2

LebeLaw
A PROFESSIONAL LAW CORPORATION
(213) 444-1973 (213) 457-3092 jon@lebelaw.com 777 S. Alameda Street, 2nd Floor, Los Angeles, CA 90021

August 10, 2023

NOTICE VIA ONLINE SUBMISSION

California Labor and Workforce Development Agency ("LWDA")

VIA CERTIFIED U.S. MAIL WITH RETURN RECEIPT

Chipotle Mexican Grill, Inc.
610 Newport Center Drive, Suite 1300
Newport Beach, CA 92660

Re: Notice pursuant to California Labor Code sections 2698, *et seq*., the Private Attorneys General Act ("PAGA"), submitted by Paloma Scalise on behalf of herself and all other employees of Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc. as an individual and as a proposed Representative of the State of California

Dear PAGA Administrator:

This letter shall serve as Paloma Scalise's (hereafter "Claimant") Notice pursuant to the California Private Attorneys General Act of 2004 ("PAGA"), California Labor Code sections 2698, *et seq*. regarding her claims against Chipotle Services LLC, DBA Chipotle Mexican Grill, Inc. and any related entities, all other worksite employers, and their managers, agents, officers and directors (referred to herein as "the Employers"). Claimant submits this notice on behalf of herself and all current and former employees employed by the Employers in California.

If the Labor Workforce Development Agency does not intend to investigate the alleged violations, Claimant intends to file a representative action for PAGA civil penalties on behalf of herself and all other aggrieved employees of the Employers, seeking civil penalties on behalf of herself and all other aggrieved employees in the State of California. A copy of this notice is being sent to the Employers by certified mail at the addresses above.

Claimant and other employees were subject to the same policies and practices alleged herein which impermissibly denied aggrieved employees their rights pursuant to the California Labor Code and caused violation of the Labor Code as set forth below.

FACTUAL STATEMENT

Employers violated minimum and overtime laws under the California Labor Code by failing to pay Claimant and other aggrieved employees for all hours worked when employees were forced to work off-the clock, including during breaks and before and after clocking in, including re-filling beverage stations. Moreover, Claimant and other aggrieved employees were not paid overtime at the correct rate because Employers failed to include bonuses and other remuneration into the regular rate of pay. Additionally, Claimant and other aggrieved employees were not given legally compliant off-duty meal and rest periods. Moreover, Employers failed to pay meal break premiums at the regular rate in violation of California law. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858 (meal period premiums must be paid at the regular rate of pay, including all compensation). Employers failed to reimburse Claimant and other aggrieved employees for their reasonable and necessary business expenses, including but not limited to cell phone costs. Employers also failed to timely pay Claimant and other aggrieved employees all compensation due and owing upon termination or separation of employment.

Claimant now seeks civil penalties individually and on behalf of other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Order, including civil penalties pursuant to Labor Code section 558(a). Claimant's claims are set forth in further detail below.

For reasons set forth herein, Claimant alleges the following violations of the California Labor Code and the applicable IWC Wage Order on behalf of herself and all other aggrieved employees of Employers. Claimant alleges that Employers:

1. Failed to pay Claimant and other aggrieved employees all wages due including minimum, regular, and overtime wages;

2. Failed to provide legally compliant off-duty meal periods or pay compensation in lieu thereof;

3. Failed to provide legally compliant duty-free, rest periods or pay compensation in lieu thereof;

4. Failed to indemnify all reasonable and necessary business expenses;

5. Failed to provide accurate and itemized wage statements;

6. Failure to pay Reporting Time pay;

7. Failed to pay all wages due upon termination or separation of employment; and

8. Failed to produce all employment records.

Accordingly, Claimant now seeks civil penalties on behalf of herself and other non-exempt aggrieved employees based on the Employers' alleged violations of the California Labor Code and applicable IWC Wage Order. Claimant's claims are set forth below.

FAILURE TO PAY MINIMUM, REGULAR, AND OVERTIME WAGES
(Labor Code §§ 218, 510, 1194, 1197, 1197.1, 1198, and 1199(c) and the "Minimum Wages" and "Hours and Days of Work" Sections of the Applicable Wage Order)

Labor Code section 510 provides in pertinent part: "Eight hours of labor constitutes a day's work. Any work in excess of 8 hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee."

Labor Code section 1194(a) states: "Notwithstanding any agreement to work for a lesser wage, any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney's fees, and costs of suit."

Labor Code section 1198 provides: "The maximum hours of work and the standard conditions of labor fixed by the commission shall be the maximum hours of work and the standard conditions of labor for employees. The employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful."

Labor Code section 1199, which is a statute listed for which PAGA default civil penalties are recoverable pursuant to Labor Code sections 2699.5 and 2699(f) ((2), provides that:

Every employer or other person acting either individually or as an officer, agent, or employee of another person is guilty of a misdemeanor and is punishable by a fine of not less than one hundred dollars ($100) or by imprisonment for not less than 30 days, or by both, who does any of the following:

> (a) Requires or causes any employee to work for longer hours than those fixed, or under conditions of labor prohibited by an order of the commission.
> (b) Pays or causes to be paid to any employee a wage less than the minimum fixed by an order of the commission.
> (c) Violates or refuses or neglects to comply with any provision of this chapter or any order or ruling of the commission.

Labor Code section 1197 states: "The minimum wage for employees fixed by the commission or by any applicable state or local law, is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful. This section does not change the applicability of local minimum wage laws to any entity."

Labor Code section 1197.1 states: "Any employer or other person acting either individually or as an officer, agent, or employee of another person, who pays or causes to be paid to any employee a wage less than the minimum fixed by an order of the commission shall be subject to a civil penalty, restitution of wages, liquidated damages payable to the employee, and any applicable penalties imposed pursuant to Section 203. For any initial violation that is intentionally committed, one hundred dollars ($100) for each underpaid employee for each pay period for which the employee is underpaid. For each subsequent violation for the same specific offense, two hundred fifty dollars ($250) for each underpaid employee for each pay period for which the employee is underpaid regardless of whether the initial violation is intentionally committed."

Pursuant to the "Hours & Days of Work" Section of the applicable Wage Order, an employer may not pay non-exempt employees less than the applicable overtime rate for all overtime hours worked.

Pursuant to the "Minimum Wages" and "Hours & Days of Work" Sections of the applicable Wage Order, an employer may not pay employees less than the applicable minimum wage for all hours worked and provides that an employer may not pay non-exempt employees less than the applicable overtime rate for all overtime hours worked.

The Employers violated Labor Code sections 218, 510, 1194, 1197, and 1198, and the "Minimum Wages" and "Hours and Days of Work" Sections of the Applicable Wage Order because it did not pay Claimant and other aggrieved current and former employees all minimum, regular, and overtime wages for all hours worked. The Employers failed to pay for all minimum wages (and overtime wages when applicable) earned due to off-the-clock work. Moreover, Employers failed to pay overtime correctly based on its failure to include bonuses and other remuneration in the regular rate of pay. Further, Employers did not pay all overtime worked during the pay period.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

FAILURE TO PROVIDE MEAL AND REST PERIODS

(Labor Code §§ 226.7, 512, and 1198, and the "Meal Period" and "Rest Period" Sections of the applicable IWC Wage Order)

Labor Code section 512(a) states in pertinent part: "[A]n employer may not employ an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes. An employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes . . . ." Labor Code section 226.7(a) states that "no employer shall require any employee to work during any meal or rest period mandated by an applicable order of the Industrial Welfare Commission."

The "Rest Period" Section of applicable IWC Wage Order states: "Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof." If an employer fails to provide an employee a rest period in accordance with the applicable provision of the order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation of reach workday that the rest period is not provided.

Labor Code section 226.7(c) states: "[I]f an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the IWC, the employees shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each work day that the meal or rest period is not provided."

During Claimant's employment, the Employers failed to provide Claimant and other aggrieved employees with legally compliant off-duty meal and rest periods on eligible workdays as required by Labor Code sections 226.7 and 512, and sections 11 and 12 of the applicable IWC Wage Order. The Employers regularly failed to provide a duty-free and uninterrupted meal period before the end of the fifth hour of work. Moreover, Employers failed to pay meal break premiums at the regular rate in violation of California law. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858 (meal period premiums must be paid at the regular rate of pay, including all compensation). Furthermore, the Employers failed to provide duty-free and uninterrupted rest periods.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

FAILURE TO REIMBURSE BUSINESS-RELATED EXPENSES

(Labor Code §§ 2802 and 2804, and the "Tools and Equipment" section of the applicable IWC Wage Order)

Labor Code section 2802(a) provides that "[a]n employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful."

Labor Code section 2802(c) states that "[f]or purposes of [2802], the term "necessary expenditures or losses" shall include all reasonable costs, including, but not limited to attorney's fees incurred by the employee enforcing the rights granted by [2802]."

Section 9(b) of the applicable IWC Wage Order states in pertinent part: "When tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer."

Labor Code section 2802 prohibits employers, such as the Employers, from shifting their cost of doing business onto the employee. California Labor Code section 2802 states that employers must "indemnify" an employee for "all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer." This means that if the expense in question is "necessary" for performance of the job, the employer must reimburse the employee 100 percent of the cost. An expense is considered "necessary" if it directly results from the employee's performance of his or her work duties. An expense is also "necessary" if it occurs because the employee is following the directions given by the employer.

"Any contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled to under the laws of this State." Cal. Labor Code § 2804.

The Employers failed to comply with Labor Code section 2802 and the applicable IWC Wage Order by failing to reimburse Claimant and other aggrieved employees for necessary business-related expenses incurred in direct consequence of the discharge of his or her duties. For example, Claimant and other aggrieved employees were required to use their personal cellular telephones to communicate and were required to pay for cell phone costs without any reimbursement for the costs of such usage. As such, the Employers failed to reimburse Claimant and other aggrieved employees for the costs incurred by employees in direct consequence of the discharge of his or her duties.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

FAILURE TO PROVIDE ACCURATE AND ITEMIZED WAGE STATEMENTS

(Labor Code § 226, and the "Records" section of the applicable IWC Wage Order)

Labor Code section 226(a) states in pertinent part that every employer shall provide an accurate itemized statement in writing with respect to each one of its employees showing: 1) gross wages earned; 2) total hours worked by an employee, except for any employee whose compensation is solely based on a salary and who is exempt from payment of overtime under subdivision (a) of Section 515 or any applicable order of the Industrial Welfare Commission; (3) the number of piece rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item; (5) net wages earned; (6) the inclusive dates of the period for which the employee is paid; (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number; (8) the name and address of the legal entity that is the employer . . .; and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

The itemized wage statements provided by Employers to Claimant and other aggrieved employees were inaccurate and failed to accurately list all of the items required by Section 226. Since Employers did not pay for all hours worked and did not factor bonuses and other remuneration into the regular rate calculations, Employers failed to accurately list (1) gross wages earned; (2) total hours worked by an employee; and (3) net wages earned. As a result, Employers failed to provide Claimant and other current and former employees with accurate, timely, itemized wage statements complying with the requirements of the Labor Code and applicable IWC Wage Order.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

FAILURE TO PAY REPORTING TIME PAY

(Labor Code § 1198 and Section 5 of the Applicable IWC Wage Order)

Labor Code Section 1198 provides that: "The maximum hours of work and the standard conditions of labor fixed by the commission shall be the maximum hours of work and the standard conditions of labor for employees. The employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.

Section 5 of the applicable IWC Wage Order provides that "[e]ach workday an employee is required to report for work and does report, but is not put to work or is furnished less than half said employee's usual or scheduled day's work, the employee shall be paid for half the usual or scheduled day's work, but in no event for less than two (2) hours nor more than four (4) hours, at the employee's regular rate of pay, which shall not be less than the minimum wage."

Section 5 of the applicable IWC Wage Order further provides that, "[i]f an employee is required to report for work a second time in any one workday and is furnished less than two hours of work on the second reporting, said employee shall be paid for two hours at the employee's regular rate of pay, which shall not be less than the minimum wage."

Here, when aggrieved employees were furnished with less than half said employees' usual or scheduled day's work, Claimant failed to pay said aggrieved employees Reporting Time Pay.

Accordingly, Claimant now seeks *civil penalties* pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

FAILURE TO TIMELY PAY WAGES DUE DURING AND UPON TERMINATION OR SEPARATION OF EMPLOYMENT

(Labor Code §§ 201, 202, 203, 204, 256, 1198, and 2699)

Labor Code section 201 states: "If an Employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately." Labor Code section 202 states: "If an employee not having a written contract for a definite period quits his or her employment, his or her wages shall become due and payable not later than

72 hours thereafter, unless the employee has given 72 hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting."

Labor Code section 203(a) states, in relevant part: "If an Employer willfully fails to pay, without abatement or reduction, in accordance with Sections 201, 201.3, 201.5, 202, and 205.5, any wages of an employee who is discharged or who quits, the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days. An employee who secretes or absents himself or himself to avoid payment to his or her, or who refuses to receive the payment when fully tendered to his or her, including any penalty then accrued under this section, is not entitled to any benefit under this section for the time during which he or she so avoids payment."

Labor Code section 204(a) states, in pertinent part: "All wages . . . earned by any person in any employment are due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays." The "Minimum Wages" Section of the applicable Wage Order further states "every employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period."

Labor Code section 256 states: "The Labor Commissioner shall impose a civil penalty in an amount not exceeding 30 days of pay as waiting time under the terms of Section 203."

As detailed above, Employers failed to pay Claimant and other aggrieved employees all wages that were due and owing to them including, for example, meal and rest period premiums, and regular, minimum, and overtime wages within the required time during their employment and upon their separation of employment, in violation of the Labor Code and the applicable IWC Wage Order because of the violations alleged herein. As a result, the Employer violated the above sections of the Labor Code.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code and applicable IWC Wage Orders.

<u>FAILURE TO PRODUCE ALL EMPLOYMENT RECORDS</u>

(Violation of §§ 226, 1198.5 and the "Records" section of the applicable IWC Wage Order)

Labor Code § 226(c) states in pertinent part that: "An employer who receives a written or oral request to inspect or receive a copy of records pursuant to subdivision (b) pertaining to a current or former employee shall comply with the request as soon as practicable, but no later than 21 calendar days from the date of the request."

Labor Code § 1198.5(b)(1) states in pertinent part that: "The employer shall make the contents of those personnel records available for inspection to the current or former employee, or his or her representative, at reasonable intervals and at reasonable times, but not later than 30 calendar days from the date the employer receives a written request, unless the current or former employee, or his or her representative, and the employer agree in writing to a date beyond 30 calendar days to inspect the records, and the agreed-upon date does not exceed 35 calendar days from the employer's receipt of the written request."

The "Records" Section of applicable IWC Wage Order states: "Every employer shall keep accurate information with respect to each employee including the following: … (3) Time records showing when the employee begins and ends each work period. Meal periods, split shift intervals and total daily hours worked shall also be recorded. Meal periods during which operations cease and authorized rest periods need not be recorded."

The Employers were required to provide Plaintiff her personnel file, including her time records, upon request, however, failed to do so and only produced Plaintiff's wage statements.

Accordingly, Claimant now seeks civil penalties pursuant to the PAGA on behalf of herself and other aggrieved employees based on the alleged violations of the California Labor Code.

CIVIL PENALTIES FOR VIOLATION OF THE LABOR CODE AND IWC WAGE ORDERS

(Labor Code §§ 558, 558.1, and 1197.1)

Labor Code section 558 subjects any employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of Part 2, Chapter 1, of the Labor Code or any provision regulating hours and days of work in any IWC Wage Order to a civil penalty in the amount of $50 for any initial violation for each pay period in which an employee is underpaid in addition to an amount sufficient to recover underpaid wages, and $100 for each subsequent violation in addition to an amount sufficient to recover underpaid wages, which shall be paid to each affected employee.

Labor Code section 558.1(a) states: "Any employer or other person acting on behalf of an employer, who violates, or causes to be violated, any provision regulating minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held liable as the employer for such violation." Labor Code section 558.1 expressly defines "employer or other person acting on behalf of an employer" to include a "natural person who is an owner, director, officer, or managing agent of the employer."

Labor Code section 1197.1 states that any employer or other person acting either individually or as an officer, agent or employee of another person, which pays or causes to be paid to any employee a wage less than the minimum fixed by an order of the commission shall be subject to a civil penalty and restitution of wages payable to the employee in an amount of $100 for the initial violation for each pay period in which an employee underpaid in addition to an amount sufficient to recover underpaid wages, and $250 for each subsequent violation in addition to an amount sufficient to recover underpaid wages, which shall be paid to each affected employee.

As set forth above, Employers violated the IWC Wage Order regulating the hours and days of work, Labor Code sections 510, 1197, and 1198, and caused the employees to be paid less than the minimum set by the IWC Wage Order. As a result, Employers are liable for civil penalties under Labor Code sections 558, 558.1, and 1197.1.

Accordingly, Claimant will pursue civil penalties or other lawful remedies for herself and other current and former employees, including recovery of attorney's fees, costs, and civil penalties to the extent allowed by law.

DUTIES OF EMPLOYER

(Labor Code §§ 1174, 1174.5, 1175, and 1198, and the Applicable Wage Order)

Labor Code section 1174 describes certain duties of every employer in this state. Subsection (d) of this labor code section requires that payroll records show the hours worked daily by employees and the corresponding wages to be paid for the hours worked. The Employers violated this requirement by its failure to accurately record employee hours worked and/or paid including wages owed for off-the-clock time and meal and rest period premiums. Labor Code section 1174.5 imposes a civil penalty of $500 for the Employers' failure to maintain accurate and complete records. This civil penalty is addition to the civil penalty of $100 per pay period, per aggrieved employee that would be imposed pursuant to Labor Code section 2699 for a violation of Labor Code section 1174(d). Furthermore, Claimants and all other aggrieved current and former employees are entitled to collect 25% of the penalty imposed pursuant to Section 2699.

The Employers failed to accurately record all hours worked by Claimant and other aggrieved employees and failed to record all accurate wages to be paid.

Claimant will pursue all remedies on behalf of herself and other current and former employees, including recovery of attorney's fees, costs, damages and penalties to the extent allowed by law.

ATTORNEY'S FEES, COSTS, INTEREST AND PENALTIES

(Labor Code §§ 218.6, 226(e), 1194, 1194.2, and 2699, *et seq.*)

Labor Code sections 218.6, 226(e), 1194, 1194.2, and 2699, *et seq*. give employees the right to recover in a civil action the unpaid balance of the full amount of minimum wages, regular wages, overtime compensation, damages, liquidated damages, and penalties, including interest thereon, reasonable attorney's fees, and costs of suit.

Pursuant to Labor Code sections 2699, *et seq*., aggrieved employees are entitled to collect 25 percent of the penalty assessment and 100 percent of the underpaid wages. Accordingly, the Employers are liable for these items in addition to the unpaid wages. Claimant has already incurred in actual damages, costs and attorney's fees and will continue to incur costs as a result of the Employers' unlawful actions.

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CONCLUSION

The Employers violated Labor Code sections as set forth herein. Claimant will pursue all remedies on behalf of herself and other aggrieved employees, including recovery of attorney's fees, costs, and penalties to the extent allowed by law. The facts and claims contained herein are based on the information available at the time of this writing. Therefore, if through discovery and/or expert review, Claimant becomes aware of additional claims, she reserves the right to revise these facts and/or add any new claims by amending the claim letter or by adding applicable causes of action in the complaint.

Should you have any questions, please feel free to contact me at your convenience.

Sincerely,

Jonathan M. Lebe, Esq.
Attorney for Paloma Scalise
Individually and on behalf of all Aggrieved Employees

EXHIBIT 3

Lebe Law, APLC Expense Report

Scalise, et al. v. Chipotle Services, LLC, DBA Chipotle Mexican Grill, Inc.

Date	**Description**	**Rate ($)**
3/15/23	Certified Records Request Letter to Chipotle	$ 8.19
8/10/23	Certified Letter of PAGA Notice to Chipotle Mexican Grill, Inc.	$ 10.47
8/10/23	PAGA Notice Submission to LWDA	$ 75.00
8/18/23	OnCall Inv. 342497Z Filing Initial Complaint	$ 598.74
8/28/23	OnCall Ivc. 344676 Service on Chipotle Services LLC	$ 232.73
9/15/23	OnCall Inv. 342497 Conformed Copy of Initial Filing Documents	$ 44.24
10/25/23	OnCall Inv. 354355 Filing First Amended Complaint	$ 225.84
11/28/23	OnCall Inv. 360079 Posting Jury Fees	$ 293.49
1/23/24	Mail Filing Notice of Dept. Relocation	$ 4.00
5/13/24	Oncall Inv. 342497ZZ Complex Fees	$ 1,007.00
3/18/25	Case Anywhere Inv. 11552523 Stipulation to File SAC	$ 37.60
3/25/25	Case Anywhere Inv. 11599344 Second Amended Complaint	$ 37.60
5/14/25	Case Anywhere Inv. 11961726 Notice of Change of Address	$ 17.00
	TOTAL	**$ 2,591.90**