

1 DOUGLAS HAN (SBN 232858)  
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9 *Attorneys for Plaintiff*

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **FOR THE COUNTY OF LOS ANGELES**

12 EFRAIN PEREZ, individually, and on behalf  
13 of other members of the general public  
14 similarly situated and on behalf of aggrieved  
15 employees pursuant to the Private Attorneys  
16 General Act (“PAGA”);

17 Plaintiff,

18 v.

19 ARJO INC. D/B/A ARJOHUNTLEIGH INC.,  
20 a Delaware corporation; and DOES 1 through  
21 100, inclusive;

22 Defendants.

Case No.: 22STCV01261

Assigned for All Purposes to  
Honorable William F. Highberger  
Department 10

**CLASS ACTION**

**DECLARATION OF DOUGLAS HAN IN  
SUPPORT OF PLAINTIFF’S MOTION  
FOR PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT,  
CONDITIONAL CERTIFICATION,  
APPROVAL OF CLASS NOTICE,  
SETTING OF FINAL APPROVAL  
HEARING DATE**

[Notice of Motion and Motion for Preliminary  
Approval; Declaration of Proposed Class  
Representative (Efrain Perez); Declaration of  
Julie Green; and [Proposed] Order filed  
concurrently herewith]

Hearing Date: February 2, 2023  
Hearing Time: 10:00 a.m.  
Hearing Place: Department 10

Complaint Filed: January 12, 2022  
Trial Date: None Set

1 **DECLARATION OF DOUGLAS HAN**

2 I, DOUGLAS HAN, hereby declare as follows:

3 1. I am an attorney duly licensed to practice law before all courts of the State  
4 of California. I am the founding member of Justice Law Corporation. I am the attorney of record  
5 for Plaintiff Efrain Perez (“Plaintiff”) and the Class in the instant action. I have personal knowledge  
6 of the facts set forth below and if called to testify I could and would do so competently.

7 2. In May of 2004, I graduated from Pepperdine University School of Law with  
8 a Juris Doctor degree. In May of 2001, I obtained a Bachelor of Science degree in Political Science  
9 with a minor in English from University of Houston.

10 3. From approximately January of 2004 to approximately May of 2004, I served  
11 as a Judicial Extern to the Honorable Lourdes G. Baird of the United States District Court for the  
12 Central District of California.

13 4. Since its inception, in or around April of 2013, our firm has almost  
14 exclusively focused on the prosecution of consumer and employment class actions, involving wage-  
15 and-hour claims, unfair business practices or consumer fraud. Since that time, our firm has  
16 successfully litigated to conclusion over three hundred (300) wage-and-hour class or representative  
17 actions. Currently, we are the attorneys of record in over a dozen employment-related putative class  
18 actions in both state and federal courts in the State of California. During this relatively short time,  
19 in association with other law firms, we have obtained millions of dollars on behalf of thousands of  
20 individuals in California.

21 ***EXAMPLES OF CLASS ACTION RESULTS***

22 5. Attached hereto as **Exhibit 1** is true and correct copy of a spreadsheet listing  
23 matters in which Justice Law Corporation was appointed as Class Counsel and/or obtained approval  
24 of class action or representative PAGA settlements.

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1           6.       Shunt Tatavos-Gharajeh is an Of Counsel at my office. He received his  
2 undergraduate degree from University of California, Los Angeles and earned a Juris Doctor degree  
3 from Southwestern University School of Law. He was admitted to practice in California in 2010.  
4 He is admitted to practice in the Courts of the State of California. The focus of his practice is class  
5 action wage-and-hour law. He has worked on multiple class action cases that have been granted  
6 final approval, including *Keles, et al. v. The Art of Shaving – FL, LLC*, Alameda County Superior  
7 Court Case No. RG13687151; *Esters, et al. v. HDB LTD. Limited Partnership*, Kern County  
8 Superior Court Case No. S-1500-CV-279879 DRL; *Bridgette Guzman, et al. v. International City*  
9 *Mortgage, Inc.*, San Bernardino County Superior Court Case No. CIVDS1502516; *Davidson, et al.*  
10 *v. Lentz Construction General Engineering Contractor*, Kern County Superior Court Case No. S-  
11 1500-CV-279853 LHB; *Betancourt v. Hugo Boss USA, Inc.*, Los Angeles County Superior Court  
12 Case No. BC506988; *Porras, et al. v. DBI Beverage, Inc., et al.*, Santa Clara County Superior Court  
13 Case No. 1-14-CV-266154; *Hartzell, et al. v. Truitt Oilfield Maintenance Corporation*, Kern  
14 County Superior Court Case No. S-1500-CV-283011; *Navarro-Salas, et al. v. Markstein Beverage*  
15 *Co., et al.*, Sacramento County Superior Court Case No. 34-2015-00174957-CU-OE-GDS; *David*  
16 *White, et al. v. Pilot Travel Centers, LLC*, San Joaquin County Superior Court Case No. STK-CV-  
17 UOE-2013-0009098; *McKinnon, et al. v. Renovate America, Inc., et al.*, San Diego County Superior  
18 Court Case No. 37-2015-00038150-CU-OE-CTL; *Evelyn Antoine, et al. v. Riverstone Residential*  
19 *CA, Inc., et al.*, Sacramento County Superior Court Case No. 34-2013-00155974; *Pina v. Zim*  
20 *Industries, Inc.*, Kern County Superior Court Case No. S-1500-CV-284498 SPC; *Amaya v. Certified*  
21 *Payment Processing, et al.*, Sacramento County Superior Court Case No. 34-2015-00186623-CU-  
22 OE-GDS; *Burke v. Petrol Production Supply, Inc.*, Kern County Superior Court Case No. BCV-15-  
23 101092; *Ceron, et al v. Hydro Resources-West, Inc.*, Kern County Superior Court Case No. BCV-  
24 15-101461; *Chavana v. Golden Empire Equipment, Inc.*, Kern County Superior Court Case No.  
25 BCV-16-102796; *De La Torre, et al. v. Acuity Brands Lighting, Inc.*, San Bernardino County  
26 Superior Court Case No. CIVDS1601800; *Dobbs v. Wood Group PSN, Inc.*, Kern County Superior  
27 Court Case No. BCV-16-101078-DRL; *Gonzalez, et al. v. Matagrano, Inc.*, San Francisco County  
28 Superior Court Case No. CGC-16-550494; *Harbabikian, et al. v. Williston Financial Group, LLC*,

1 Ventura County Superior Court Case No. 56-2016-004485186-CU-OE-VTA; *Prince v. Ponder*  
2 *Environmental Services, Inc.*, Kern County Superior Court Case No. BCV-16-100784; *Ramirez v.*  
3 *Crestwood Operations, LLC*, Kern County Superior Court Case No. BCV-17-100503; *Reyes v.*  
4 *Halliburton Energy Services, Inc.*, Kern County Superior Court Case No. S-1500-CV-280215;  
5 *Rodriguez v. B&L Casing Serve, LLC, et al.*, Kern County Superior Court Case No. S-1500-CV-  
6 282709; *Marketstar Wage and Hour Cases*, Alameda County Superior Court Case No.  
7 JCCP004820; *Rodriguez, et al. v. Delta Sierra Beverage, LLC*, Sacramento County Superior Court  
8 Case No. 34-2017-00206727; *Stuck v. Jerry Melton & Sons Construction, Inc.*, Kern County  
9 Superior Court Case No. BCV-16-101516; *Blevins v. California Commercial Solar, Inc.*, Kern  
10 County Superior Court Case No. BCV-17-100571; *Cisneros, et al. v. Wilbur-Ellis Company, LLC*,  
11 Kern County Superior Court Case No. BCV-17-102836; *Castro, et al. v. General Production*  
12 *Service of California, Inc.*, Kern County Superior Court Case No. BCV-15-101164. He was also  
13 certified as class counsel in *Fulmer, et al. v. Golden State Drilling, Inc.*, Kern County Superior  
14 Court Case No. S-1500-CV-279707; *Manas, et al. v. Kenai Drilling Limited*, Los Angeles County  
15 Superior Court Case No. BC546330; *Nuncio, et al. v. MMI Services, Inc.*, Kern County Superior  
16 Court Case No. S-1500-CV-282534, cases that were certified after a contested class certification.  
17 He is also currently managing at least a dozen class actions currently pending in various courts  
18 throughout the State of California.

19           7. Phillip Song is an Associate Attorney at my office. Phillip received his  
20 undergraduate degree in 2006 from the University of Houston, graduating *cum laude* with a  
21 Communications B.A. and minor in Accounting. Phillip earned his Juris Doctor degree in 2011  
22 from the University of Houston Law Center. Phillip has been admitted to practice law since 2013  
23 (Texas). Phillip is presently admitted to practice in all state courts of California (admitted in 2019),  
24 and before all federal district courts in California. The focus of Phillip's practice is currently on  
25 class actions, wage-and-hour law, and employment law. Since joining Justice Law Corporation,  
26 Phillip has worked on numerous class action cases and representative actions that have been granted  
27 final approval, including *Paez et al. v. C&R Restaurant Group, LP*, Kern County Superior Court,  
28 Case No. BCV-18-103181-SDS; *Baker v. Central Coast Home Health, Inc.*, San Luis Obispo

1 County Superior Court, Case No. 17CV-0219; *Martinez v. Community Playgrounds, Inc.*, Solano  
2 County Superior Court, Case No. FCS53879; *Duval v. Pacific States Petroleum, Inc.*, Sacramento  
3 County Superior Court, Case No. 34-2018-00231934; *Flores v. Wilmar Oils & Fats (Stockton),*  
4 *LLC*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2018-0012758; *Garcia v.*  
5 *Continental Intermodal Group LP dba CIG Logistics*, Kern County Superior Court, Case No. BCV-  
6 19-102776; *Tourchette adv. Finelite, Inc.*, Alameda County Superior Court, Case No.  
7 RG19022885; *Touch v. Presidio Components, Inc.*, Kern County Superior Court, Case No. BCV-  
8 20-101005; *Johnston v. Environmental Logistics, Inc.*, Kern County Superior Court, Case No.  
9 BCV-18-100865-DRL; *Lewis v. Environmental Waste Minimization, Inc.*, Kern County Superior  
10 Court ,Case No. BCV-19-102248-SDS; *Priess v. Fiore Management LLC dba CannDESCENT*, Kern  
11 County Superior Court, Case No. BCV-20-100930; *Alcantar v. Bay Equity LLC*, Marin County  
12 Superior Court, Case No. CIV1903376; *Spier v. Gibbs International, Inc.*, Kern County Superior  
13 Court, Case No. BCV-19-101774-DRL; *Borghi v. Goldco Direct LLC dba Goldco Precious Metals,*  
14 *Ventura County Superior Court, Case No. 56-2019-00533053-CU-OE-VTA; Williams v. Aetna,*  
15 *Inc., et al.*, Alameda County Superior Court, Case No. RG19004083; *Singh v. Ryzen*, Alameda  
16 County Superior Court, Case No. RG19039158; *Hoshaw v. Sutherland Healthcare*, Los Angeles  
17 County Superior Court, Case No. 19STCV33165; *Hart v. Zazzle, Inc.*, San Mateo County Superior,  
18 Court Case No. 20-CIV-01321; *Stacy v. Branded Group, Inc.* Kern County Superior Court, Case  
19 No. BCV-21-100443-BCB; *Angeles v. iKrusher, Inc.*, Los Angeles County Superior Court, Case  
20 No. MSC20-01312, *Zuniga v. Central Valley Concrete, Inc.*, Merced County Superior Court, Case  
21 No. 20CV-00490; *Gomez v. IHI Power Services, Corp.*, Merced County Superior Court, Case No.  
22 20CV-02657; *Martinez v. N.A.F.T.A Distributors*, San Bernardino County Superior Court, Case  
23 No. CIVDS1938970; *Bandril v. Plastikon Industries*, Alameda County Superior Court, Case No.  
24 RG19038227; *Williams v. National Construction Rentals, Inc.*, Alameda County Superior Court,  
25 Case No. RG20075904; *Pho v. Kruger Foods, Inc.*, San Joaquin County Superior Court, Case No.  
26 STK-CV-UOE-2020-0002099; and *Collins v. Mobile Medical Examination Services, LLC dba*  
27 *MEDXM*, Orange County Superior Court, Case No. 30-2020-01130693-CU-OE-CXC. Phillip is  
28 currently handling multiple PAGA matters and FCRA class action matters.

1           8.       At the time of this declaration, the number of Class Members provided by  
2 Defendant Arjo Inc. (“Defendant”) is estimated to be one hundred thirty-five (135).

3           9.       Defendant is a global supplier of medical devices, services, and solutions that  
4 improve quality of life for patients with reduced mobility and age-related health challenges.  
5 Defendant’s primary customers are private and public institutions/hospitals that provide acute and  
6 long-term care. Its product offerings include solutions for patient handling, hygiene, disinfection,  
7 medical beds, therapeutic surfaces, and diagnostics. This case involves all persons employed by  
8 Defendant in California and classified as an hourly, non-exempt employee during the period from  
9 July 16, 2017 to October 22, 2022 (“Class Period”) (“Class” and “Class Members”).

10           10.      On March 15, 2021, Plaintiff, a former hourly-paid, non-exempt employee  
11 of Defendant, provided written notice to the California Labor and Workforce Development Agency  
12 (“LWDA”) and Defendant of the specific provisions of the Labor Code he contends Defendant  
13 violated and the theories supporting his contentions.<sup>1</sup> Plaintiff believes that on or about May 19,  
14 2021, the requisite sixty-five (65) day notice period for the Private Attorneys General Act of 2004  
15 (“PAGA”) expired, and the LWDA did not take any action to investigate or prosecute the matter.

16           11.      On January 12, 2022, Plaintiff filed a wage-and-hour class action lawsuit  
17 against Defendant in the Superior Court of California, County of Los Angeles, entitled *Perez v.*  
18 *Arjo Inc. d/b/a Arjohuntleigh Inc.*, Case Number 22STCV01261. Specifically, Plaintiff alleged  
19 violation of (1) Labor Code sections 510 and 1198 (unpaid overtime); (2) Labor Code sections  
20 226.7 and 512(a) (unpaid meal period premiums); (3) Labor Code section 226.7 (unpaid rest period  
21 premiums); (4) Labor Code sections 1194 and 1197 (unpaid minimum wages); (5) Labor Code  
22 sections 201 and 202 (final wages not timely paid); (6) Labor Code section 226(a) (non-compliant  
23 wage statements); (7) Labor Code section 246 (unpaid sick leave); (8) Labor Code sections 2800  
24 and 2802 (unreimbursed business expenses); (9) Labor Code section 2698, *et seq.* (Private  
25 Attorneys General Act of 2004); and (10) Business & Professions Code section 17200, *et seq.* (the  
26 “Action”).

27  
28 <sup>1</sup> Attached hereto as Exhibit 3 is a true and correct copy of Plaintiff’s notice letter to the  
LWDA (“PAGA Notice”), submitted on March 15, 2021.

1           12.     On February 11, 2022, Defendant removed this case to the United States  
2 District Court for the Central District of California. Plaintiff filed his Motion to Remand and  
3 Defendant filed its Opposition to the Motion to Remand, as well as a Motion to Strike an argument  
4 made by Plaintiff in a reply brief. While the motions were pending Plaintiff and Defendant  
5 (collectively, the “Parties”) agreed to explore mediation.

6           13.     The Parties attended mediation on Plaintiff’s claims with mediator Jason  
7 Marsili on August 22, 2022. With the help of the mediator, the Parties agreed to a settlement of the  
8 Action.

9           14.     Defendant generally and specifically denies any and all liability or  
10 wrongdoing of any sort with regard to any of the claims alleged, makes no concessions or  
11 admissions of liability of any sort, and contends that for any purpose other than settlement, this case  
12 is not appropriate for class or PAGA treatment. Defendant also asserts several defenses to the claims  
13 and has denied any wrongdoing or liability arising out of any of the alleged facts or conduct in this  
14 case.

15           15.     Prior to the mediation, and both before and after the lawsuit was filed, the  
16 Parties conducted significant investigation and informal discovery of the relevant facts and law.  
17 Specifically, Defendant produced employee handbooks and other documents evidencing its policies  
18 pertaining to meal and rest periods, overtime, timekeeping, and payroll, among other things.  
19 Defendant also assembled and produced, and Plaintiff reviewed, random sampling of time and pay  
20 records, information relating to the size and scope of the Class, as well as data permitting Plaintiff  
21 to understand the number of workweeks and pay periods in the Class Period and PAGA Period,  
22 respectively. Class Counsel and Defendant’s counsel also (separately) interviewed Class Members  
23 who worked for Defendant throughout the Class Period.

24           16.     The Parties agree that the above-described investigation and evaluation, as  
25 well as the information exchanged during the settlement negotiations, are more than sufficient to  
26 assess the merits of the respective Parties’ positions and to compromise the issues on a fair and  
27 equitable basis.

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1           17.     Based upon the information provided by Defendant and interviews Class  
2 Counsel had with non-exempt employees, Plaintiff contends – and Defendant denies – that  
3 Defendant failed to provide employees with legally mandated rest breaks. Plaintiff asserts that  
4 Defendant did not have a code-compliant rest break policy. Instead, the rest break policy simply  
5 states: BREAKS (2) – 10 MIN. As a result, Plaintiff further contends that this policy and practice  
6 does not comply with California law as to the timing and the requisite number of rest breaks  
7 provided to Plaintiff and the Class Members. Plaintiff also contends - and Defendant denies – that  
8 employees were not paid required rest break premiums when required rest breaks were missed.

9           18.     Plaintiff also asserts – and Defendant denies – that Defendant failed to  
10 provide employees with legally mandated meal breaks. Plaintiff asserts that, just as Defendant did  
11 not have a code-compliant rest break policy, it also does not have a code-compliant meal break  
12 policy. The meal break policy simply stated: LUNCH – 30 MIN. It fails to provide for the timing  
13 of meal breaks and fails to inform employees of their right to a second meal break when working  
14 shifts exceeding ten (10) hours. Further, Plaintiff contends that, Defendant automatically deducted  
15 30-minute meal breaks. Plaintiff alleges that that Defendant deducted 30-minutes whether Plaintiff  
16 and other Class Member took meal breaks. Plaintiff also contends – and Defendant denies – that  
17 employees were not paid required meal break premiums when required meal breaks were missed.

18           19.     Plaintiff also asserts – and Defendant denies – that Defendant failed to pay  
19 employees for all hours worked. Specifically, Plaintiff asserts that Defendant maintained a quarter-  
20 hour rounding system that regularly deprived employees of all hours worked. Plaintiff also asserts  
21 that during the majority of the Class Period, Defendant maintained an On-call or standby time  
22 without compensating for all time. Plaintiff claims – and Defendant denies – that the On-Call policy  
23 was so restrictive that it deprived them of engaging in personal activities. In sum, Plaintiff alleges  
24 that Defendant maintained policies and practices that effectively deprived employees of  
25 compensation for time worked resulting in unpaid minimum wage and overtime.

26           20.     Plaintiff contends – and Defendant denies – that Defendant failed to properly  
27 calculate overtime, meal period premiums and sick pay by failing to accurately include the non-  
28 discretionary bonuses, resulting in underpayment of these wages.



1           21.     Additionally, Plaintiff asserts – and Defendant denies – that Defendant failed  
2 to reimburse employees for necessary business expenses. Specifically, Plaintiff asserts that  
3 employees were required to use their personal cell phones for work-related purposes, such as  
4 answering calls from coworkers or supervisors and using their phones to arrange deliveries but did  
5 not reimburse employees for this usage. Further, Plaintiff contends that employees were  
6 occasionally required to use their personal vehicles for work-related purposes, including but not  
7 limited to, offsite meetings and impromptu deliveries. However, Plaintiff alleges that Defendant  
8 failed to reimburse these employees for gas or mileage.

9           22.     Moreover, Plaintiff contends – and Defendant denies – that Defendant is  
10 liable for issuing noncompliant wage statements. Defendant allegedly issued wage statements in  
11 violation of Labor Code section 226(a) because of the underlying violations discussed above.  
12 Plaintiff asserts that Defendant’s policies and practices operated to deprive employees of wages due  
13 and owing them, including overtime and minimum wages and meal and rest premium wages.  
14 Specifically, Plaintiff contends that because of Defendant’s alleged failure to pay all meal and rest  
15 premiums owed, Defendant’s wage statements are necessarily inaccurate. Even if Defendant asserts  
16 that its violation of section 226(a) is trivial, the California courts have held strict compliance of  
17 section 226(a) is what is intended.

18           23.     Finally, Plaintiff asserts – and Defendant denies – that Defendant is liable for  
19 waiting time penalties. Specifically, Defendant’s non-exempt employees are entitled to back  
20 underpaid minimum and overtime wages and compensation for missed meal and rest breaks,  
21 discussed in greater detail above, thereby triggering waiting time penalties under Labor Code  
22 section 203. Thus, Plaintiff alleges that Defendant owes minimum and overtime wages and  
23 compensation for missed meal and rest breaks as a matter of fact and law. But, Plaintiff alleges that  
24 Defendant intentionally failed or refused to perform an act, which was required to be done,  
25 constituting “willful” conduct, and justifying “waiting-time” penalties under Labor Code section  
26 203 to its former employees.

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1           24. Defendant denies Plaintiff’s contentions in their entirety. Among other  
2 things, Defendant denies Plaintiff’s rest and meal break contentions on the grounds that it provided  
3 the requisite number of breaks within compliant times. Defendant also contends its rounding  
4 procedure was neutral resulting in no benefit to the it or harm to the employees. Defendant claims  
5 that the “On-Call” policy was not restrictive and did not violate California law. Further, Defendant  
6 counters that its non-exempt positions differ in significant ways, and, whether its non-exempt  
7 employees took compliant rest and meal breaks is a question that can be resolved only by resorting  
8 to individualized inquiries of each non-exempt employee and, therefore, class certification is not  
9 appropriate. Defendant also contends that not all non-exempt employees worked on-call shifts, and,  
10 therefore, class certification is not appropriate. Defendant also asserts that it paid its employees for  
11 all hours worked, including minimum, overtime, and premium wages. Defendant also asserts that  
12 employees were provided with company cell phone and were not required to use their personal cell  
13 phones or vehicles for work-related purposes. Finally, Defendant argues that any failure to comply  
14 with labor laws (which it denies) was an honest mistake made in good faith. Thus, Defendant  
15 contends any alleged conduct cannot be deemed “willful” under Labor Code section 203.

16           25. The Parties agreed to go to mediation with experienced wage-and-hour  
17 mediator, Jason Marsili. The mediation took place on August 22, 2022. During the mediation, the  
18 Parties discussed the risks of continued litigation, the likelihood of certification, and the merits of  
19 the Parties’ claims and defenses versus the benefits of settlement. With the assistance of the  
20 mediator, the Parties were able to reach an agreement on settlement, the terms of which were  
21 memorialized in the Class Action and PAGA Settlement Agreement (“Agreement,” “Settlement  
22 Agreement,” “Joint Stipulation,” or “Settlement”), that the Parties now seek Preliminary Approval  
23 of. Attached hereto as **Exhibit 2** is a true and correct copy of the Settlement Agreement.<sup>2</sup>

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25 ///

26 \_\_\_\_\_  
27 <sup>2</sup> Attached hereto as Exhibit 4 is proof of submission of the Settlement Agreement to the  
28 LWDA.

1           26. The Parties have agreed (subject to and contingent upon the Court’s  
2 approval) that this action be settled and compromised for the non-reversionary total sum of  
3 \$1,100,000.00 (“Gross Settlement Amount”), which includes, subject to Court approval: (a) Class  
4 Counsel Fees Payment to Class Counsel in an amount not to exceed \$385,000 (thirty-five percent  
5 (35%) of the Gross Settlement Amount) to compensate Class Counsel for work already performed  
6 and all work remaining to be performed in documenting the settlement, administrating the  
7 settlement, and securing Court approval; (b) Class Counsel Litigation Expenses Payment to Class  
8 Counsel, not to exceed \$15,000.00, for reimbursement of litigation costs and expenses; (c) the Class  
9 Representative Service Payment to Plaintiff in the amount of \$10,000.00 for his service as the Class  
10 Representative and in recognition of his work and efforts in obtaining the benefits for the Class and  
11 undertaking the risk of paying litigation costs in the event this matter had not successfully resolved;  
12 (d) Administrator Expenses Payment to CPT Group, Inc. (“CPT Group”), the Administrator, in an  
13 amount but not to exceed \$12,000.00;<sup>3</sup> and (e) the PAGA Penalties of \$100,000.00, seventy-five  
14 percent (75%) of which (\$75,000.00) will be paid to the LWDA and twenty-five percent (25%) of  
15 which (\$25,000.00) shall be distributed to the aggrieved employees eligible to recover the PAGA  
16 Penalties that consist of all persons employed by Defendant in California and classified as an hourly,  
17 non-exempt employee during the period from March 15, 2020 to October 22, 2022 (“PAGA Period”  
18 and “Aggrieved Employees”), on a pro-rata basis.

19           27. The final amount of actual litigation costs will be provided to the Court in  
20 conjunction with Plaintiff’s motion for final approval. At that time, Plaintiff will ask the Court to  
21 approve the amount of these costs. If Plaintiff’s actual litigation costs exceed \$15,000.00, Plaintiff  
22 will only seek reimbursement in the amount of \$15,000.00. If the amount awarded is less than the  
23 amount requested by Class Counsel Litigation Expense Payment, the difference shall become part  
24 of the Net Settlement Amount and be available for distribution to all Class Members who do not  
25 submit valid and timely requests to exclude themselves (“opt out”) from the Settlement  
26 (“Participating Class Members”).

27 \_\_\_\_\_  
28 <sup>3</sup> Attached hereto as Exhibit 5 is the bid from CPT Group, which includes a statement of the  
Parties’ capped fee of \$8,750 but the Settlement allows for \$12,000.

1           28.     After all Court-approved deductions from the Gross Settlement Amount, it  
2 is estimated that approximately \$518,250.00 (“Net Settlement Amount”) will be distributed to Class  
3 Members – with an average gross settlement payment estimated \$4,305.55.

4           29.     The Settlement Agreement was reached because of arm’s-length  
5 negotiations. Though cordial and professional, the settlement negotiations have always been  
6 adversarial and non-collusive in nature. At the mediation on August 22, 2022, both Parties’ counsel  
7 conducted extensive arm’s-length settlement negotiations until an agreement was ultimately  
8 reached by all Parties.

9           30.     Plaintiff and Class Counsel believe in the merits of the case but also  
10 recognize the expense and length of additional proceedings necessary to continue the litigation  
11 against Defendant through class certification, trial, and any possible appeals. Plaintiff and Class  
12 Counsel have also considered the uncertainty and risk of further litigation, the potential outcome,  
13 and the difficulties and delays inherent in such litigation. Plaintiff and Class Counsel have  
14 conducted extensive settlement negotiations, including formal mediation on August 22, 2022, as  
15 described above. Based on the foregoing, Plaintiff and Class Counsel believe the settlement set  
16 forth in the Settlement Agreement is a fair, adequate, and reasonable settlement, and is in the Class  
17 Members’ best interests.

18           31.     The Parties thoroughly investigated and evaluated the factual strengths and  
19 weaknesses of Plaintiff’s claims and Defendant’s defenses before reaching the proposed Settlement  
20 and engaged in sufficient investigation, research, and discovery to support the Settlement. The  
21 proposed Settlement was only possible following significant investigation and evaluation of  
22 Defendant’s relevant policies and procedures and the data Defendant produced for the putative  
23 class, which permitted Class Counsel to engage in a comprehensive analysis of liability and  
24 potential damages. Furthermore, this case has reached the stage where “the Parties certainly have a  
25 clear view of the strengths and weaknesses of their cases” sufficient to support the Settlement. (*Boyd*  
26 *v. Bechtel Corp.* (N.D.Cal. 1979) 485 F.Supp. 610, 617.)

27           32.     This investigation and evaluation informed Plaintiff’s central theories of  
28 liability. Plaintiff’s claims are predicated on Defendant’s alleged: (a) failure to pay overtime wages;

1 (b) failure to provide compliant rest and meal breaks and pay applicable premiums; (c) failure to  
2 pay minimum wages; (d) failure to timely pay wages; (e) failure to issue compliant wage statements;  
3 (f) failure to reimburse business expenses; (g) violation of Labor Code section 2698, *et seq.*  
4 (PAGA); and (h) violation of Business & Professions Code section 17200, *et seq.*

5 33. Defendant vehemently denies Plaintiff's theories of liability and contends,  
6 as stated above, that: (a) all rest and meal breaks were provided in compliance with California law;  
7 (b) all wages were properly calculated and paid to Class Members; (c) all wages were paid in a  
8 timely manner; (d) wage statements were provided in compliance with Labor Code section 226;  
9 and (e) all business expenses were reimbursed. Defendant further contends that any mistakes made  
10 (which it denies) were honest rather than willful. Finally, Defendant argues that if litigation were  
11 to continue, it feels confident that it would prevail.

12 34. Although Plaintiff believes the case is suitable for certification on the basis  
13 that there are company-wide policies that Plaintiff contends violate California law and uniformly  
14 affect the putative class members, uncertainties with respect to certification are always present. As  
15 the California Supreme Court ruled in *Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th  
16 319, class certification is always a matter of the trial court's sound discretion. Decisions following  
17 *Sav-On Drug Stores, Inc.* have reached different conclusions concerning certification of wage-and-  
18 hour claims.<sup>4</sup>

19 35. As stated in paragraph 15 above, Defendant provided Plaintiff with a random  
20 sampling of time and pay records. Defendant assembled this sampling using the records of putative  
21 class members. Thus, this sampling is representative of the Class. Defendant also provided Plaintiff  
22 with the average hourly rate for the Class Members during Class Period, which was \$23.82, and  
23 with the final class size, and confirmed that the estimated number of workweeks worked by Class  
24

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25 <sup>4</sup> (See, e.g., *Harris v. Superior Court* (2007) 154 Cal.App.4th 164 [reversing decertification  
26 of class claiming misclassification and ordering summary adjudication in favor of employees],  
review granted Nov. 28, 2007, (2007) 171 P.3d 545 [not cited as precedent, but rather for illustrative  
27 purposes only]; *Walsh v. IKON Solutions, Inc.* (2007) 148 Cal.App.4th 1440 [affirming  
28 decertification of class claiming misclassification]; *Aguilar v. Cintas Corp. No. 2* (2006) 144  
Cal.App.4th 121 [reversing denial of certification]; *Dunbar v. Albertson's Inc.* (2006) 141  
Cal.App.4th 1422 [affirming denial of certification].)

1 Members during the Class Period is 14,743 workweeks, and the estimated number of pay periods  
2 in the PAGA Period is 3,463 pay periods.

3 36. Specifically, Plaintiff asserts that Defendant failed to provide employees  
4 with legally mandated rest breaks. Plaintiff also asserts Defendant failed to pay premium wages for  
5 noncompliant rest breaks. Based on Defendant's data, Plaintiff's expert analyzed that  
6 approximately 13,699 shifts worked that were eligible for third rest breaks. Interviews with Class  
7 Members revealed that Defendant did not authorize and permit third rest periods. For these reasons,  
8 Plaintiff estimates that Defendant's exposure for rest break premiums would likely be  
9 approximately \$326,310.18 ((13,699 shifts x \$23.82).

10 37. Plaintiff asserts that Defendant failed to provide employees with proper meal  
11 breaks because Defendant did not authorize second meal breaks and automatically deducted 30-  
12 minute meal breaks. Plaintiff's expert analyzed that there were 2,309 shifts that were greater than  
13 12 hours without a second meal break recorded. Since no waiver applies to these shifts, Defendant's  
14 exposure under this theory would be approximately \$55,000.38 (2,309 shifts x \$23.82). Plaintiff's  
15 expert also analyzed that there were 44,983 shifts in which the first meal break was automatically  
16 deducted. Not all automatically deducted time is a meal break violation as Class Members did  
17 receive meal breaks. However, applying the unique meal break violation rate for the first meal  
18 breaks (missing, and short) along with interviews with class members approximately 40% of these  
19 shifts can be attributed as meal break violation. Therefore, Defendant's exposure under this theory  
20 would be approximately \$428,169.26 (44,983 shifts x .40 x \$23.82).

21 38. Moreover, Plaintiff alleges that Defendant failed to compensate employees  
22 for all hours worked, including utilizing a timekeeping system that rounded the time to the nearest  
23 quarter hour. Plaintiff's expert analyzed that 1,477.3 hours were underpaid resulting in an exposure  
24 of \$35,189.28. Plaintiff also alleges that Defendant's On-Call policy was so restrictive that any  
25 time they were on-call would have to be compensated. Plaintiff argued that approximately 30 hours  
26 per week were considered on-call and needed to be paid at least at a minimum wage for this time  
27 resulting in an exposure of \$5,172,037. The exposure for the underpayment of sick pay, meal break  
28 premiums and overtime due to the regular rate issue resulted in the total exposure of \$246,294.

1           39. Plaintiff also contends that Defendant failed to reimburse employees for all  
2 necessary business expenses. Specifically, employees were not reimbursed for using their personal  
3 cell phones or vehicles for work-related purposes. As for employees using their personal cell  
4 phones, arguably, at least ten percent (10%) of Class Members' personal cell phones charges can  
5 be attributed to work. Using an average monthly charge of \$80.00, each Class Member's monthly  
6 cost would be approximately \$8.00. Thus, under Plaintiff's theory, the total amount that Defendant  
7 must reimburse employees for personal cell phone use would likely be around \$27,216 (3,402  
8 months x \$8.00). As for employees using their personal vehicles for work-related purposes, likely  
9 ten percent (10%) of gas and mileage can be attributed to work. Using an average monthly gas bill  
10 of \$150.00, each monthly cost would be around \$15.00 per month. Consequently, the total amount  
11 that must be reimbursed for personal vehicle use is approximately \$51,030 (3,402 months x \$15.00).  
12 In sum, if proven, Defendant's total exposure for unreimbursed business expenses is \$78,246.

13           40. Furthermore, Plaintiff asserts that Defendant issued wage statements in  
14 violation of Labor Code section 226(a) and that its exposure to statutory penalties is substantial.  
15 Plaintiff calculates Defendant's maximum potential exposure as to this claim to be approximately  
16 \$344,250 ([1 x \$50] + [35 x \$100] x 97 employees), which is based on 12 average pay periods.

17           41. Finally, Plaintiff asserts that Defendant is liable for waiting time penalties.  
18 Plaintiff calculates Defendant's maximum potential exposure as to this claim to be about  
19 \$417,326.40 (8 hours x \$23.82 average hourly rate x approximately 73 separated employees x 30  
20 days).

21           42. The provisions of the Labor Code potentially triggering PAGA penalties in  
22 this case include but are not limited to Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a),  
23 226.3, 226.7, 246, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802. Defendant  
24 asserts that, regardless of the results of the underlying causes of action, PAGA penalties are not  
25 mandatory but permissive and discretionary. Defendant also maintains that, in addition to its strong  
26 arguments against the underlying claims, it had a strong argument that it would be unjust to award  
27 maximum PAGA penalties given the law's current unsettled state. (*Thurman v. Bayshore Transit*  
28 *Mgmt.* (2012) 203 Cal.App.4th 1112 [reducing penalties by 30% under this authority].)

1           43.     Class Counsel calculated penalties under this cause of action by multiplying  
2 the number of active Class Members (because of the shortened statutory period for this claim) by  
3 the civil penalties that each could be awarded for the Labor Code sections enumerated under Labor  
4 Code section 2699.5 that were applicable in this case. Class Counsel then applied discounts in light  
5 of the countervailing arguments with regard to the other causes of action, as well as the Court’s  
6 power to award “a lesser amount than the maximum civil liability.” (Lab. Code, § 2699, subd.  
7 (e)(2).)

8           44.     Given the state of the law and the range of PAGA penalties requested and  
9 actually awarded in California courts, it is difficult to determine a reasonable value and actual  
10 exposure for PAGA penalties. However, if PAGA penalties are granted on any one of the violations  
11 alleged in Plaintiff’s operative complaint, the total penalties exposure for the eligible pay periods  
12 could be approximately \$349,200 ([36 x \$100 per penalty] x 97 employees in the PAGA period).<sup>5</sup>  
13 Plaintiff calculated Defendant’s PAGA exposure using a one hundred percent (100%) violation rate  
14 based on the average number of pay periods (36) using the one-year statutory period. Multiplying  
15 the PAGA exposure by the number of alleged violations under the various theories of recovery (8)  
16 under PAGA gives potential civil penalties of \$2,793,600.

17           45.     Although Plaintiff argued he could obtain over \$2 million for PAGA  
18 penalties, it seems highly unlikely that the Court would award such a large amount. As noted above,  
19 courts have reduced PAGA penalties by about ninety percent (90%) where there are mitigating  
20 circumstances. (*Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 528-529 [affirming trial  
21 court’s award of less than 10% of maximum PAGA penalty for meal break violations where  
22 company sought to comply with the law].) Furthermore, PAGA’s statutory language is unclear as  
23 to whether PAGA penalties may be “stacked” – that is, whether multiple civil penalties can be  
24 recovered in the same pay period for different Labor Code violations. On one hand, Labor Code  
25 section 2699, subdivision (f) establishes “a civil penalty for a violation” (emphasis added), implying  
26

27 <sup>5</sup>           A recent Ninth Circuit ruling suggests there may be no “subsequent” violation until an actual  
28 finding of a violation by a Labor Commissioner or court. (*Bernstein v. Virgin Am., Inc.* (9th Cir.  
2021) 990 F.3d 1157, 1172-1173.) As a result, Plaintiff estimated the amount of PAGA penalties  
using the “initial” penalty amount of \$100 under PAGA.



1 a separate civil penalty for each violation. On the other hand, employers cite Labor Code section  
2 2699, subdivision (g)(1), which states that “an aggrieved employee may recover the civil penalty  
3 described in subdivision (f)...on behalf of himself or herself and other current or former employees  
4 against whom one or more of the alleged violations was committed” (emphasis added). However,  
5 Defendant contends that the Ninth Circuit’s opinions in *Urbino v. Orkin Svcs. of Calif., Inc.* (9th  
6 Cir. 2013) 726 F.3d 118 and *Yocupicio v. PAE Grp., LLC* (9th Cir. 2015) 795 F.3d 1057, which  
7 preclude the aggregation of PAGA penalties for purposes of removal, prevents “stacking” of PAGA  
8 penalties. Without stacking and limited to the initial violation, the PAGA penalties would be limited  
9 to \$9,700 (97 employees x \$100 initial violations) on the low end and \$77,600 (97 employees x  
10 \$100 x 8 theories of recovery) on the high end.

11 46. To the extent Defendant’s exposure remains high, the civil penalties could  
12 be “unjust, arbitrary and oppressive, or confiscatory.” In fact, many courts have taken liberties to  
13 dramatically reduce the civil penalties. (See e.g. *Viceral v. Mistras Grp., Inc.* (N.D.Cal. Oct. 11,  
14 2016, No. 15-cv-02198-EMC) 2016 U.S.Dist.LEXIS 140759, at \*25-30 [preliminarily approving  
15 class action settlement that included a PAGA set-aside of just 0.15 percent of the PAGA claims’  
16 full potential value, where “Plaintiffs face[d] a substantial risk of recovering nothing on either class  
17 or PAGA claims”]; *Cotter v. Lyft, Inc.* (N.D.Cal. 2016) 193 F.Supp.3d 1030, 1037 [preliminarily  
18 approving class action settlement allocating a PAGA set-aside worth a fraction of the PAGA claims’  
19 potential value, where the defendant’s obligations were “genuinely unclear” and there was no  
20 evidence the defendant acted deliberately or negligently failed to learn about its obligations].) Thus,  
21 under a more conservative approach, Class Counsel considered the possibility that the Court could  
22 assess only the initial violation rate.

23 47. Plaintiff also recognized the risk that any PAGA award could be significantly  
24 reduced. Many of the causes of action brought were duplicative of the statutory claims such as  
25 violations of Labor Code sections 201, 202, 203, 204, 218.5, 226.3, 226.7, 510, 512(a), 1194, 1197,  
26 1197.1, 1198, 2800, and 2802. Thus, the maximum penalties for each pay period are not justified.  
27 It was indeed arguable whether the Court would award the maximum penalties under the law. Thus,  
28 allocating \$100,000.00 to PAGA civil penalties was reasonable based on a rate of \$28.87 per pay

1 period [ $\$100,000.00 \div 3,463$  pay periods in PAGA date range =  $\$28.87$ ], given the fact that  
 2 Defendant is also paying an additional  $\$1,000,000.00$  in the Settlement.<sup>6</sup> When PAGA penalties are  
 3 negotiated in good faith and “there is no indication that [the] amount was the result of self-interest  
 4 at the expense of other Class Members,” such amounts are generally considered reasonable.<sup>7</sup>

5 48. Excluding the civil penalties, which could be discretionary, for the reasons  
 6 stated, the total estimated potential exposure, assuming certification and prevailing at trial, would  
 7 be approximately  $\$7,102,822.50$ .

| 8 Category                                   | Potential Exposure    | Certification Risk | Merits Risk | Realistic Exposure    |
|--|-----------------------|--------------------|-------------|-----------------------|
| 9 Rest Break Premiums                        | \$326,310.18          | 25%                | 50%         | \$122,366.31          |
| 10 Meal Break Premiums: Auto-deduct          | \$55,000.38           | 25%                | 60%         | \$16,500.11           |
| 11 Meal Break Premiums: 2 <sup>nd</sup> Meal | \$428,169.26          | 20%                | 25%         | \$256,901.55          |
| 12 Overtime/Minimum Wage: Rounding           | \$35,189.28           | 15%                | 50%         | \$14,955.44           |
| 13 Overtime Wage: Regular Rate               | \$246,294.00          | 10%                | 25%         | \$166,248.45          |
| 14 Minimum Wage: On-Call                     | \$5,172,037.00        | 30%                | 60%         | \$1,448,170.36        |
| 15 Unreimbursed Business Expenses            | \$78,246.00           | 20%                | 70%         | \$18,779.04           |
| 16 Wage Statement Penalty                    | \$344,250.00          | 25%                | 50%         | \$129,093.75          |
| 17 Waiting Time Penalty                      | \$417,326.40          | 20%                | 50%         | \$166,930.56          |
| 18 <b>MAXIMUM TOTAL EXPOSURE</b>             | <b>\$7,102,882.50</b> |                    |             | <b>\$2,339,945.57</b> |

23  
 24  
 25 <sup>6</sup> (See *Carrington, supra*, 30 Cal.App.5th at p. 529 [affirming a rate of  $\$5.00$  per violation and a total PAGA penalty of  $\$150,000.00$  while the plaintiff requested a rate of  $\$25.00$  to  $\$75.00$  per violation and a total PAGA penalty of  $\$70,000,000.00$ ].)

26  
 27 <sup>7</sup> (*Hopson v. Hanesbrands Inc.* (N.D.Cal. Apr. 3, 2009, No. CV-08-0844 EDL) 2009 U.S.Dist.LEXIS 33900, at \*24; see, e.g., *Nordstrom Com. Cases* (2010) 186 Cal.App.4th 576, 579, “[T]rial court did not abuse its discretion in approving a settlement which does not allocate any damages to the PAGA claims”.)

1           49.     Based on the rest break theories described above, Class Counsel believe a  
2 twenty-five percent (25%) certification risk and a fifty percent (50%) merits risk are justified.  
3 Defendant did not have a code-compliant rest period policy that authorized and permitted third rest  
4 breaks. However, Class Counsel understand that obtaining certification is difficult as certification  
5 may be denied on issues unrelated to the merits of this theory. While Plaintiff is confident this Court  
6 would certify this claim there were still some challenging arguments to address such as the posted  
7 Wage Orders authorizing rest periods and Defendant’s alleged practice allowing third or more rest  
8 breaks as needed. Therefore, Class Counsel believe these challenges justifies certification and  
9 merits risk.

10           50.     Class Counsel also apply a twenty-five percent (25%) certification risk and  
11 a sixty percent (60%) merits risk based on the auto-deduct meal break theory. Plaintiff asserts that  
12 Defendant deducted 30-minute meal breaks whether a compliant meal break was taken or not. In  
13 theory alone, this claim should be certified. Again, class certification is never a given. Defendant  
14 will argue that the auto-deduction practice did not apply to all employee and therefore the scope of  
15 the class would be limited. Moreover, Class Counsel would have to undertake the arduous task of  
16 gathering declarations from putative class members to demonstrate they were not provided fully  
17 compliant meal breaks but were deducted the full 30-minutes. In addition, Defendant may even  
18 bring in evidence and testimony at trial to show it had no knowledge that employees were not  
19 receiving compliant meal breaks. Defendant will also argue that employees were choosing to work  
20 through or shorten their meal breaks rather than not being authorized to take a fully meal break.  
21 Individualized inquiries may be required as well as potential for unfavorable testimony at trial.  
22 Thus, Class Counsel applied the risk discounts.

23           51.     Class Counsel also apply a twenty percent (20%) certification risk and a  
24 twenty-five percent (25%) merits risk based on the second meal break theory. Plaintiff asserts that  
25 Defendant did not have a policy or practice to provide second meal breaks. Defendant will argue  
26 that that waiver applied to any shifts less than 12 hours. As for the shifts exceeding 12 hours  
27 Defendant will argue second meal breaks were provided to all employees working shifts exceeding  
28 12 hours, and/or that the limited number of Class Members that worked more than 12 hours worked

1 only a few minutes over 12 hours and chose to go home early instead of taking a second meal break.  
2 Moreover, this would be a classic case of the battle of declarations and/or testimony at trial.  
3 Nevertheless, Class Counsel is confident that under the facts of this case would allow for Plaintiff  
4 to prevail on this claim.

5           52. Moreover, Class Counsel believe Plaintiff's theories regarding rounding of  
6 time warrant a fifteen percent (15%) certification risk and a fifty percent (50%) merits risk. The  
7 rounding claim should be certified due to the systemic nature of the claim. However, Class Counsel  
8 added a small risk discount as no certification is guaranteed. Merits are more a challenge for this  
9 claim. While Plaintiff claims that the rounding practice was not neutral, Defendant may challenge  
10 this argument with their own evidence. The rounding was based on a sample; however, it is possible  
11 that the entire set of data may produce a different – a more neutral - result. Defendant may even to  
12 offset the underpaid hours with overpaid hours at trial. Consequently, Class Counsel believe this  
13 warrants a fifteen percent (15%) certification risk and a fifty percent (50%) merits risk.

14           53. Similarly, the regular rate claims have low risk of certification and merits.  
15 Class Counsel applies a ten percent (10%) and twenty-five percent (25%) discounts, respectively.  
16 Defendant will argue that nondiscretionary bonuses were in fact included in the regular rate  
17 calculation and/or that certain bonuses provided to the Class Members were discretionary and did  
18 not need to be factored into the sick pay, meal premiums or overtime. However, Plaintiff believes  
19 that commissions and shift differentials had to be included into the regular rate. Class Counsel's  
20 discounts reflect the cautious optimism in prevailing on this claim.

21           54. With respect to the on-call claim, Class Counsel believe a thirty percent  
22 (30%) certification risk and a sixty percent (60%) merits risk is justified. Class Counsel believes  
23 that there is a common question of whether Defendant should have compensated Class Members  
24 who were on-call. While certification may be readily established, merits of the time is compensable  
25 or not would be a more difficult task. There would be a great dispute on whether Class Members  
26 are free to engage in personal activities or are able to move freely with no geographical limitations.  
27 There is a risk that the testimony from Class Members may not be as favorable as Plaintiff believes.  
28 Thus, Class Counsel's discounts are reasonable.

1           55.     Next, Class Counsel believe a twenty percent (20%) certification risk and a  
2 seventy percent (70%) merits risk for unreimbursed business expenses are warranted. Plaintiff  
3 alleges that Defendant purportedly required its employees to use their personal cell phones and  
4 vehicles for work-related purposes. However, Plaintiff contends that Defendant allegedly failed to  
5 reimburse its employees for cell phone usage, gas, or mileage. Correspondingly, Plaintiff asserts  
6 that Defendant purportedly did not have a policy in place for reimbursing employees for such  
7 necessary business expenses during the relevant period. But Defendant contends that use of personal  
8 cell phones and personal vehicles were never necessary for any employee and may produce  
9 evidence and testimony at trial to show that only a small percentage of employees actually used  
10 their personal cell phones and vehicles for work-related purposes. Moreover, Defendant might bring  
11 in evidence and testimony to reveal that employees who incurred such expenses were promptly  
12 reimbursed if they requested reimbursement. By extension, this would also mean that if employees  
13 were not reimbursed, it is because they failed to request reimbursement. For these reasons, Class  
14 Counsel believe this warrants a twenty percent (20%) certification risk and a seventy percent (70%)  
15 merits risk.

16           56.     Plaintiff's Labor Code section 226(a) claim for wage statement penalties is  
17 based on Defendant's failure to maintain accurate records. As discussed above, Defendant allegedly  
18 failed to pay all premium wages owed for noncompliant rest and meal breaks, from the theories  
19 addressed above. As a result, Defendant issued wage statements that purportedly failed to accurately  
20 state the total hours worked, the gross wages earned, and the net wages earned in violation of Labor  
21 Code section 226(a). However, Defendant's errors most likely did not affect all employees and for  
22 the reasons stated above will be difficult to assess and value. In addition, Defendant may argue that  
23 any failure to provide accurate wage statements was not "knowing and intentional" under section  
24 226(a). Thus, Class Counsel apply a twenty-five percent (25%) certification risk and another fifty  
25 percent (75%) merits risk.

26           57.     Finally, Plaintiff's Labor Code section 203 claim for waiting time penalties  
27 is based on Plaintiff's claims for underpaid minimum and overtime wages and compensation for  
28 missed meal and rest breaks. If Plaintiff prevails on these underlying claims, it will lead to waiting

1 time penalties. However, Defendant may argue that any failure to pay wages due and owing to  
2 employees in a timely manner (which it denies) was not “willful” under section 203 and was instead  
3 an honest mistake made in good faith. Also, Defendant will presumably assert that premium  
4 payments for missed rest and meal breaks are not wages for purposes of waiting time penalties. For  
5 these reasons and the reasons explained above, Class Counsel apply a twenty percent (20%)  
6 certification risk and a seventy-five percent (75%) merits risk.

7           58. Based on this analysis, the realistic recovery for this case is **\$2,339,945.57**.  
8 The Gross Settlement Amount of \$1,100,000.00 is approximately fifteen percent (15%) of the  
9 maximum potential exposure and approximately forty-seven percent (47%) of the maximum  
10 realistic exposure at trial, which is a reasonable settlement.

11           59. The proposed Class is ascertainable and numerous as to make it  
12 impracticable to join all Class Members, and there are common questions of law and fact that  
13 predominate over any questions affecting any individual Class Member. Plaintiff contends that as  
14 a former hourly-paid, non-exempt employee of Defendant, his claims are typical of the claims of  
15 the Class, and Class Counsel will fairly and adequately protect the interests of the Class. Also,  
16 Plaintiff asserts that the prosecution of separate actions by individual Class Members would create  
17 the risk of inconsistent or varying adjudications, and a class action is, therefore, superior to other  
18 available means for the fair and efficient adjudication of the case. As discussed below, this case is  
19 amenable to class certification.

20           60. This case involves approximately one hundred thirty-five (135) Class  
21 Members. Thus, the Class is sufficiently numerous.<sup>8</sup> All Class Members can and will be identified  
22 by Defendant to the Administrator through a review of Defendant’s employment records concerning  
23 all persons employed by Defendant in California and classified as an hourly, non-exempt employee  
24 during the Class Period.

25           61. Plaintiff asserts common issues of fact and law predominate as to each of the  
26 claims alleged. Plaintiff contends that all persons employed by Defendant in California and  
27

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28 <sup>8</sup> (See *Ghazaryan v. Diva Limousine, Ltd.* (2008) 169 Cal.App.4th 1524, 1531, n.5 [finding that a proposed class of “as many as 190 current and former employees” is sufficiently numerous].)

1 classified as an hourly, non-exempt employee during the Class Period were subject to the same or  
2 similar employment practices, policies, and procedures. All Plaintiff's claims surround Defendant's  
3 alleged common practices and schemes of failing to maintain compliant rest and meal break policies  
4 and practices, failing to reimburse business expenses, and failing to fully and properly compensate  
5 employees, *inter alia*, for noncompliant rest and meal breaks, for all hours worked, including off-  
6 the-clock work and overtime work, and for associated wage statement and waiting time penalties.

7           62. Plaintiff is a former employee of Defendant. Plaintiff alleges he and the Class  
8 Members were employed by the same company and injured by Defendant's common policies and  
9 practices related to: (a) meal and rest breaks and associated unpaid premium wages; (b)  
10 uncompensated off-the-clock work; (c) unreimbursed business expenses; (d) untimely paid wages;  
11 and (e) inaccurate wage statements. Plaintiff seeks relief for these claims and derivative claims on  
12 behalf of all Class Members. Thus, Plaintiff's claims as alleged arise from the same employment  
13 practices and are based on the same legal theories as those applicable to the Class.

14           63. Plaintiff has proven to be an adequate Class Representative. Plaintiff has  
15 conducted himself diligently and responsibly in representing the Class in this litigation, understands  
16 his fiduciary obligations, and has actively participated in the prosecution of this case. Plaintiff has  
17 spent time in meetings and conferences with Class Counsel to provide Class Counsel with a  
18 complete understanding of his work environment and requirements. Further, Plaintiff has no interest  
19 that is averse to the interests of other Class Members.

20           64. The proposed Settlement is the product of serious, informed, non-collusive  
21 negotiations, has no obvious defects, does not improperly grant preferential treatment to the Class  
22 Representative or segments of the Class, and falls within the range of fair and reasonable  
23 settlements. I believe that this non-reversionary settlement is in the best interests of the Class as  
24 fair, reasonable, and adequate. Therefore, I recommend approval of the Settlement.

25           65. The Settlement calls for the payment of the attorneys' fees in an amount of  
26 up to \$385,000. This request is fair, reasonable, and adequate to compensate Class Counsel for the  
27 substantial work they have put into this case and the risk they assumed by taking it in the first place.  
28 I have practiced law in Southern California since December of 2004, with most of my time focused

1 solely on the prosecution of employment and wage-and-hour class action litigation. I am aware that  
2 the common and acceptable rate for contingency representation in wage-and-hour class action  
3 litigation is normally forty percent (40%) before trial, with the range being from thirty-three and  
4 one-third percent (33.3%) up to fifty percent (50%).

5           66. The payment for attorneys' fees is intended to reimburse Class Counsel for  
6 all uncompensated work that they have already done and for all the work they will continue to do  
7 in carrying out and overseeing notification of the Class Members, communication with Class  
8 Members regarding the proposed Settlement, and administration of the Settlement if the Settlement  
9 Agreement is preliminarily approved.

10           67. Class Counsel took this case on a contingent fee basis against a business  
11 represented by a reputable defense firm. When we take contingent fee-based cases, we must pay  
12 careful attention to the economics involved. Accordingly, when taking these cases, we anticipate  
13 that we shall, if successful, receive a fee that exceeds our normal hourly rate; otherwise, the risk is  
14 often too great to bear. Even when we work long hours, the number of hours in a day is limited.  
15 Therefore, when we take on one matter, we are unable to take on other matters. When Class Counsel  
16 became involved in this case, we realized the time commitment that it would entail, and we were  
17 forced to turn down matters that we otherwise could have handled. We were forced to do so because  
18 of the thorough factual investigation and development this case required. In sum, this case claimed  
19 a significant portion of Class Counsel's time and attention throughout its pendency.

20           68. The requested fee is reasonable for the services provided to Participating  
21 Class Members and Aggrieved Employees and for the benefits they will receive.

22           69. My firm's only relationship with Plaintiff is the attorney-client relationship  
23 in this matter. Class Counsel have no interests adverse to those of the Class, and Class Counsel have  
24 no conflict of interest with the Class.

25           I declare under penalty of perjury under the laws of the California that the foregoing is true  
26 and correct. Executed on this 6th day of January 2023, at Pasadena, California.

27  
28 

\_\_\_\_\_  
Douglas Han



# **EXHIBIT 1**

| <b>Cases</b>  | <b>Court</b>                         | <b>Case Number</b>         | <b>Judge</b>       |
|---|--------------------------------------|----------------------------|--------------------|
| Jamie Contreras v. Stueves's Milk Transport, Inc.                                 | San Bernardino County Superior Court | CIVDS1304440               | David Cohn         |
| Art Kelly et al. v. Barker Management, Inc.                                       | Los Angeles County Superior Court    | BC506120                   | Kenneth Freeman    |
| Patrick Arrellano v. Tolt, LLC; Tolt Service Group, Inc.                          | Los Angeles County Superior Court    | BC512644                   | Amy Hogue          |
| Derya Keles et al. v. The Art of Shaving-FL, LLC                                  | Alameda County Superior Court        | RG13687151                 | Wynne Carville     |
| Marc Newman v. Hyder & Company  | San Diego County Superior Court      | 37-2013-00051617-CU-OE-CTL | John Meyer         |
| Abigail Stahl v. Fred Leeds Properties, Inc.                                      | Los Angeles County Superior Court    | BC509716                   | John Wiley, Jr.    |
| Johnny Esters et al. v. HBD LTD, Limited Partnership                              | Kern County Superior Court           | S-1500-CV-279879 DRL       | David Lampe        |
| Brian Davidson et al. v. Lentz Construction General Engineering Contractor, Inc.  | Kern County Superior Court           | S-1500-CV-279842-LHB       | Lorna Brumfield    |
| Lindsay Griffiths v. Paper Source, Inc.   | Los Angeles County Superior Court    | BC506121                   | William Highberger |
| Gabriel Betancourt v. Hugo Boss USA   | Los Angeles County Superior Court    | BC506988                   | Kenneth Freeman    |
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| <b>Cases</b>   | <b>Court</b>                                       | <b>Case Number</b>         | <b>Judge</b>           |
|--|--|----------------------------|------------------------|
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| <b>Cases</b>  | <b>Court</b>                          | <b>Case Number</b>         | <b>Judge</b>       |
|---|---------------------------------------|----------------------------|--------------------|
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| <b>Cases</b>   | <b>Court</b>                                       | <b>Case Number</b>               | <b>Judge</b>        |
|--|--|----------------------------------|---------------------|
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| <b>Cases</b>   | <b>Court</b>                         | <b>Case Number</b>         | <b>Judge</b>        |
|--|--------------------------------------|----------------------------|---------------------|
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| <b>Cases</b>   | <b>Court</b>                         | <b>Case Number</b>         | <b>Judge</b>         |
|--|--------------------------------------|----------------------------|----------------------|
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| Francisco Munoz v. Bon Suisse, Inc.  | San Diego County Superior Court      | 37-2018-00031675-CU-OE-CTL | Kenneth J. Medel     |
| Frank Fernandez v. Confluent Medical Technologies, Inc.                            | Alameda County Superior Court        | RG19012821                 | Brad Seligman        |
| Monique Gonzalez v. Murad, LLC   | Los Angeles County Superior Court    | 19STCV28937                | Yvette M. Palazuelos |
| Elizabeth Stacy v. Branded Group, Inc.   | Kern County Superior Court           | BCV-21-100443-BCB          | Bernard C. Barmann   |
| Brittney Hart v. Zazzle, Inc.  | San Mateo County Superior Court      | 20-CIV-01321               | Nancy L. Fineman     |
| Eric Williams v. Aetna, Inc. et al.  | Alameda County Superior Court        | RG19004083                 | Stephen Kaus         |
| Lavelle Marshall v. Impossible Foods, Inc.   | Alameda County Superior Court        | RG20052303                 | Brad Seligman        |
| Alphonso Rivera, et al. v. Love Automotive Group, Inc.                             | Kern County Superior Court           | BCV-18-102730              | David R. Lampe       |
| Ron Ferguson adv. Alpha Petroleum Transport, Inc et al.                            | Kern County Superior Court           | BCV-18-101446-BCB          | Bernard C. Barmann   |
| Lisa Ramirez et al. v. CareFusion Resources, LCC et al.                            | San Diego County Superior Court      | 37-2018-0058078-CU-OE-CTL  | Ronald F. Frazier    |
| Kevin Lor v. Antech Diagnostics, Inc (PAGA)  | Sacramento County Superior Court     | 34-2020-00282790           | Shama H. Mesiwala    |
| Ashley Simms v. John Stewart Company   | Alameda County Superior Court        | HG19028122                 | Paul D. Herbert      |
| Nestor Bulle v. Killion Industries, Inc  | San Diego County Superior Court      | 37-2020-00018510-CU-OE-CTL | Timothy B. Taylor    |
| Vanessa Samaniego v. Sanmina Corporation   | Kern County Superior Court           | BCV-20-102817              | Bernard C. Barmann   |
| Daniel Sonico v. Ji Medical, Inc. adv. Ramat                                       | Alameda County Superior Court        | RG20062766                 | Evelio Grillo        |
| Christina Signh v. Ryzen Solutions   | Alameda County Superior Court        | RG19039158                 | Frank Roesch         |
| Joseph Fox v. Crunch, LLC  | Sacramento County Superior Court     | 34-2020-00276101-CU-OE-GDS | Richard K. Sueyoshi  |
| Alexander Hernandez v. Saint Gobain Performance Plastics Corporation               | Orange County Superior Court         | 30-2020-01142388-CU-OE-CXC | Randall J. Sherman   |
| Randall Cowen v. Everett Financial, Inc dba Supreme Lending                        | Sacramento County Superior Court     | 34-2018-00247289-CU-OE-GDS | Shama H. Mesiwala    |
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| <b>Cases</b>   | <b>Court</b>                         | <b>Case Number</b>         | <b>Judge</b>          |
|--|--------------------------------------|----------------------------|-----------------------|
| Dyron Dorsey v. Kruger Foods, Inc.   | San Joaquin County Superior Court    | STK-CV-UOE-2020-0002099    | Erin Guy Castillo     |
| Garner adv. Inter-State Oil Company adv. Garner                                | AAA                                  | 1-21-0003-6413             | Kenneth H. Yoon       |
| Alyssa Webb-Bruner v. RA Medical Systems, Inc.                                 | San Diego County Superior Court      | 37-2019-00066232-CU-0E-CTL | James A. Mangione     |
| Janine Salinas v. Change Healthcare Technology Enabled Services, LLC           | Ventura County Superior Court        | 56-2020-00539300           | Mark Borrell          |
| John Hernandez et al. v. Triangle Distributing Co.                             | Los Angeles County Superior Court    | 20STCV13172                | Maren Nelson          |
| Rason Williams v. National Construction Rentals, Inc                           | Alameda County Superior Court        | RG20075904                 | Brad Seligman         |
| Gina Massenzo v. Bachem Americas, Inc.   | Los Angeles County Superior Court    | 20TRCV00591                | Gary Y. Tanaka        |
| Itxel Toribio v. ITT Aerospace Controls, LLC                                   | Los Angeles County Superior Court    | 19STCV17469                | Kenneth R. Freeman    |
| Lanzell Smith Jr. v. American Campus Communités, Inc.                          | Sacramento County Superior Court     | 34-2020-00280934           | Shama H. Mesiwala     |
| Randy Munoz v. Osram Sylvania Inc., et al.                                     | Sacramento County Superior Court     | 34-2020-00284677           | Judith S. Craddick    |
| Arlene Bandril et al. v. Plastikon Industries                                  | Alameda County Superior Court        | RG19038227                 | Brad Seligman         |
| Kijana Wicker v. ASC Profiles LLC (PAGA)                                       | Sacramento County Superior Court     | 34-2019-00270803-CU-OE-GDS | Judith S. Craddick    |
| Janet Ugale et al. v. Allen Distribution, LP                                   | San Joaquin County Superior Court    | STK-CV-UOE-2020-0005807    | Barbara Kronlund      |
| Angela Burmayan v. Weck Analytical Environmental Services, Inc.                | Los Angeles County Superior Court    | 20STCV30871                | William F. Highberger |
| Rick Beltran v. Stremicks Heritage Foods, LLC                                  | Orange County Superior Court         | 30-2019-01043445-CU-OE-CXC | Peter Wilson          |
| Luis Searls v. Central Valley Eggs LLC   | Kern County Superior Court           | BCV-20-101910-JEB          | J. Eric Bradshaw      |
| Elisala Tela v. Metrocell Constrution, Inc. (PAGA)                             | San Bernardino County Superior Court | CIVDS1918537               | David Cohn            |
| Nina Brooks v. Action Property Management, Inc. (PAGA)                         | Los Angeles County Superior Court    | BC562417                   | Daniel J. Buckley     |
| Joshua Mendoza v. Savage Services Corporation                                  | Los Angeles County Superior Court    | 18STCV04798                | Daniel J. Buckley     |
| Eddie Fulinara v. Genmark Diagnostics, Inc.                                    | San Diego County Superior Court      | 37-2019-00000877-CU-OE-CTL | Ronald F. Frazier     |
| Janine Salinas v. Jafra Cosmetics International, Inc.                          | Los Angeles County Superior Court    | 20STCV04284                | Carolyn Kuhl          |
| Joseph Hernandez v. Buttonwillow Warehouse Company, Inc.                       | Kern County Superior Court           | BCV-19-100202-BCB          | Bernard C. Barmann    |
| Zulema Diaz v. Roxbury Surgery Center, LLC, et al.                             | Los Angeles County Superior Court    | 20STCV46531                | Mel Red Recana        |
| Daniel Rodriguez v. Means Engineering, Inc.                                    | San Diego County Superior Court      | 37-2020-00024397-CU-OE-CTL | Katherine Bacal       |
| Erika Martinez v. N.A.F.T.A Distributors                                       | San Bernardino County Superior Court | CIVDS1938970               | David Cohn            |
| Juan Gomez v. IHI Power Services Corp.   | Merced County Superior Court         | 20CV-02657                 | Brian McCabe          |
| Jose Zuniga v. Central Valley Concrete, Inc.                                   | Merced County Superior Court         | 20CV-00490                 | Brian McCabe          |
| Brian Perez, et al. v. Merit Aluminum, Inc.                                    | Riverside County Superior Court      | RIC1904580                 | Sunshine S. Sykes     |
| Jacob Schumacher, et al. v. Georgia Pacific Corrugated LLC                     | Central District Federal Court       | CV 19-8632-DMG (AFMx)      | Dolly M. Gee          |
| Gerald Angeles, et al., v. iKrusher, Inc.                                      | Contra Costa County Superior Court   | MSC20-01312                | Edward Weil           |
| Robert Enriquez v. MCE Corporation   | Contra Costa County Superior Court   | MSC20-01744                | Edward Weil           |
| Buck Walsh, et al., v. Tandem Diabetes Care, Inc.                              | San Diego County Superior Court      | A281153-48                 | Joan M. Lewis         |
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| Shonie Shoemaker v. Broken Arrow Communications, Inc.                          | Merced County Superior Court         | 21CV-03517                 | Brian McCabe          |
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| <b>Cases</b>  | <b>Court</b>                         | <b>Case Number</b>                                   | <b>Judge</b>           |
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| Daniel Ybanez v. Navy Federal Credit Union  | San Diego County Superior Court      | 37-2019-00016815-CU-OE-CTL                           | Gregory W. Pollack     |
| Amanda Cunningham v. Cottonwood H.C., Inc. dba Cottonwood Post-Acute Rehab          | Yolo County Superior Court           | CV2021-1375  | Daniel M. Wolk         |
| Devon Zabalza v. Customized Distribution Services, Inc.                             | San Bernardino County Superior Court | CIVDSI931371   | David Cohn             |
| Adedeji Adejobi v. Nulaid Foods, Inc. et al.  | San Joaquin County Superior Court    | STK-CV-UOE-2020-0008625                              | Barbara Kronlund       |
| Robert Enriquez v. Global Modular, Inc.   | Merced County Superior Court         | 20CV-03162   | Brian McCabe           |
| Nguyen Ngo, et al. v. Medimpact Healthcare Systems, Inc.                            | San Diego County Superior Court      | 37-2020-00015657-CU-OE-CTL                           | Keri Katz              |
| Liduvina Jurado v. Gallo Cattle Company   | Merced County Superior Court         | 18CV-01342   | Brian McCabe           |
| Aharon Spry, et al. v. Prime Lube, Inc, et al.                                      | San Bernardino County Superior Court | CIVDS2018738   | David Cohn             |
| Gorge Monjaraz v. H & U, Inc. d/b/a Sun Noodle California, LLC                      | Los Angeles County Superior Court    | 20MCV00285   | Thomas D. Long         |
| Eileen Velasquez, et al. v. Hi-Temp Insulation, Inc.                                | Merced County Superior Court         | 21CV-02505   | Brian McCabe           |
| Steven Jefferson v. McCormack Baron Management, Inc.                                | San Francisco County Superior Court  | CGC-20-588162  | Richard B. Ulmer Jr.   |
| Mario Ceja v. Silvergate Bank   | San Diego County Superior Court      | 37-2020-0016207-CU-OE-CTL                            | Ronald F. Frazier      |
| Allen Morgan v. Wehah Farm, Inc dba Lundberg Family Farms                           | Butte County Superior Court          | 20CV02554  | Stephen E. Benson      |
| Sean Hammond, et al. v. Paul Durham Electric, Inc. fka Harold E. Nutter & Son, Inc. | Sacramento County Superior Court     | 34-2020-00291142-CU-OE-GDS                           | Christopher Krueger    |
| Fateema Brown v. Fair Oaks Estates, Inc.  | Sacramento County Superior Court     | 34-2020-00278787                                     | Richard Sueyoshi       |
| Charisma Coleman, et al. v. H&E Equipment Services, Inc. et al.                     | Alameda County Superior Court        | RG20069157   | Brad Seligman          |
| Daria Regester, et al. v. The Jackson Laboratory dba The Jackson Laboratory, West   | Sacramento County Superior Court     | 34-2021-00310014-CU-OE-GDS                           | Christopher E. Kreugar |
| Theresa Romandia v. Mattson Technology, Inc.  | Alameda County Superior Court        | RG20053121   | Brad Seligman          |
| Christopher Luque, et al. v. Glovis America, Inc.                                   | Ventura County Superior Court        | 56-2021-00550720-CU-OE-VTA                           | Jeffrey G. Bennett     |
| Earl Rhodes, et al. v. Cavotec Dabico US Inc., et al.                               | Orange County Superior Court         | 30-2021-01177305-CU-OE-CXC                           | Peter Wilson           |
| Stacey Collins v. Mobile Medical Examination Services, LLC dba MEDXM, et al.        | Orange County Superior Court         | 30-2020-01130693-CU-OE-CXC                           | Glenda Sanders         |
| Alexandra Pelgrift v. The 21st Amendment Brewery Cafe                               | San Francisco County Superior Court  | CGC-20-585227  | Ethan P. Schulman      |
| Kevin McNeil, et al. v. KIK International, LLC., et al.                             | San Bernardino County Superior Court | CIVDS1915438   | Bryan F. Foster        |
| Jose Lozano v. Peterson Brothers Consutruction, Inc.                                | Merced County Superior Court         | 22CV-00103   | Brian McCabe           |
| Sterling Skinner v. MoreFlavor, Inc.  | Alameda County Superior Court        | RG20084231   | Brad Seligman          |
| Tom Tesene v. Serrato- McDermott, Inc. dba Allied Auto Stores                       | Alameda County Superior Court        | RG21090589   | Brad Seligman          |
| Joseph Jimenez v. Makita USA, Inc.  | Los Angeles County Superior Court    | 20STCV21732  | Lawrence P. Riff       |
| Tiffany Gaston, et al. v. Onrad, Inc.   | Riverside County Superior Court      | RIC2004221   | Craig Riemer           |
| Brittany Dam v. Rubber-Cal, Inc.  | Orange County Superior Court         | 30-2020-01176087-CU-OE-CXC                           | Peter Wilson           |
| Justin Avalos v. Indio Products, Inc.   | Los Angeles County Superior Court    | 20STCV40470  | Elihu M. Berle         |
| Gene Weber v. Sunrise Medical (US) LLC  | Merced County Superior Court         | 20CV-01461   | Brian McCabe           |
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| <b>Cases</b>  | <b>Court</b>                         | <b>Case Number</b>         | <b>Judge</b>       |
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| Tom Tesene v. Bossard, Inc.                                     | Alameda County Superior Court        | RG21088612                 | Frank Roesch       |
| Jose Rivera, et al. v. Acco Brands Corporation, et al.          | San Bernardino County Superior Court | CIVDS2020490               | David Cohn         |
| Katrina Trester, et al. v. Delicato Vineyards                   | San Benito County Superior Court     | CU-22-00016                | J. Omar Rodriguez  |
| Beverly Salom, et al. v. Lumentum Operations LLC, et al.        | Santa Clara County Superior Court    | 19CV354198                 | Sunil R. Kulkarni  |
| Alfredo Salas v. Golden Specialty Foods, LLC                    | Merced County Superior Court         | 22CV-00393                 | Brian McCabe       |
| Alan Childs, et al. v. Dal Chem, Inc. dba Alexis Oil Company    | Riverside County Superior Court      | CVRI2100684                | Craig Riemer       |
| Wesley v. Premier Equipment Rental, Inc.                        | Kern County Superior Court           | BCV-20-101-858-BCB         | Bernard C. Barmann |
| Jamesha Burns v. A.M. Castle & Co.                              | Los Angeles County Superior Court    | 20STCV45602                | Carolyn B. Khul    |
| Luis Miranda v. New Pride Tire, Inc. et al.                     | Alameda County Superior Court        | RG20063513                 | Stephen Kaus       |
| Marion Schwarz, et al. v. TriWest Healthcare Alliance Corp.     | Sacramento County Superior Court     | 34-2019-00272292-CU-OE-GDS | Jill H. Talley     |
| Robin Quiusky v. Intevac, Inc.                                  | Santa Clara County Superior Court    | 20CV368343                 | Sunil R. Kulkarni  |
| Andrew McEathron, et al. v. Ahern Rentals, Inc.                 | Alameda County Superior Court        | RG17867366                 | Stephen Kaus       |
| Alejandro Munoz v. Sierra Circuits, Inc. et al.                 | Santa Clara County Superior Court    | 21CV386080                 | Sunil R. Kulkarni  |
| Marco Rodriguez v. HYM Engineering, Inc.                        | Los Angeles County Superior Court    | 21STCV24146                | Carolyn B. Kuhl    |
| Sarah Gomez, et al. v. Townsend Industries, Inc.                | Kern County Superior Court           | BCV-19-100608              | Bernard C. Barmann |
| Neil Fraser, et al. v. Valley Power Systems, Inc. et al.        | Los Angeles County Superior Court    | 20STCV00279                | Carolyn B. Kuhl    |
| Janine Nelson v. Captek Softgel International, Inc.             | Los Angeles County Superior Court    | 20STCV21184                | Elihu M. Berle     |
| Matthew Cordova v. Jakks Pacific, Inc.                          | Los Angeles County Superior Court    | 22PSCV00149                | Salvatorre Sirna   |
| Jimmy Arroyo v. Bentley Mills, Inc.                             | Los Angeles County Superior Court    | 20PSCV00789                | Salvatorre Sirna   |
| Jasfer Nepomuceno, et al. v. Portfolio Recovery Associates, LLC | San Diego County Superior Court      | 37-2021-00006651-CU-OE-CTL | Richard S. Whitney |

# **EXHIBIT 2**

## CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Efrain Perez (“Plaintiff”) and defendant Arjo Inc. (“Arjo”). The Agreement refers to Plaintiff and Arjo collectively as “Parties,” or individually as “Party.”

### 1. DEFINITIONS.

- 1.1. “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against Arjo captioned *Efrain Perez, individually, and on behalf of other members of the general public similarly situated and on behalf of aggrieved employees pursuant to the Private Attorneys General Act (“PAGA”) v. ARJO INC. D/B/A ARJOHUNTLEIGH INC., a Delaware Corporation; and DOES 1 through 100, inclusive*, initiated on January 12, 2022 and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2. “Administrator” means CPT Group, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4. “Aggrieved Employee” means a person employed by Arjo in California and classified as an hourly, non-exempt employee, who worked for Arjo during the PAGA Period.
- 1.5. “Class” means all persons employed by Arjo in California and classified as an hourly, non-exempt employee who worked for Arjo during the Class Period.
- 1.6. “Class Counsel” means Justice Law Corporation.
- 1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.8. “Class Data” means Class Member identifying information in Arjo’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.
- 1.9. “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

- 1.10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.
- 1.11. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, if applicable, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.12. “Class Period” means the period from July 16, 2017 to October 22, 2022.
- 1.13. “Class Representative” means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.
- 1.14. “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
- 1.15. “Court” means the Superior Court of California, County of Los Angeles.
- 1.16. “Arjo” means named Defendant Arjo Inc.
- 1.17. “Defense Counsel” means Ice Miller LLP and Dykema Gossett LLP.
- 1.18. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.19. “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.20. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.21. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.22. “Gross Settlement Amount” means One Million One Hundred Thousand Dollars (\$1,100,000.00) which is the total amount Arjo agrees to pay under the

Settlement. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator's Expenses.

- 1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of pay periods worked during the PAGA Period.
- 1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.
- 1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.27. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.28. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.
- 1.29. "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.30. "PAGA Pay Period" means any pay period during which an Aggrieved Employee worked for Arjo for at least one day during the PAGA Period.
- 1.31. "PAGA Period" means the period from March 15, 2020 to October 22, 2022.
- 1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.33. "PAGA Notice" means Plaintiff's March 15, 2021 letter to Arjo and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.34. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees and the 75% to LWDA in settlement of PAGA claims.

- 1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.36. “Plaintiff” means Efrain Perez, the named plaintiff in the Action.
- 1.37. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.38. “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.39. “Released Class Claims” means the claims being released as described in Paragraph 6.2 and 6.4 below.
- 1.40. “Released PAGA Claims” means the claims being released as described in Paragraph 6.3 below.
- 1.41. “Released Parties” means: Arjo and all of its past, present, and/or future owners, officers, directors, shareholders, members, employees, agents, principals, heirs, representatives, accountants, auditors, assigns, attorneys, consultants, insurers, reinsurers, parent companies, and their respective successors and predecessors in interest, assigns, subsidiaries, joint ventures, parents and affiliates, if any.
- 1.42. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.43. “Response Deadline” means 60 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.
- 1.44. “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.
- 1.45. “Workweek” means any week during which a Class Member worked for Arjo for at least one day, during the Class Period.

## **2. RECITALS.**

- 2.1. On January 12, 2022, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Arjo for: (1) Failure to Pay Overtime Wages (Labor Code §§ 510, 1194); (2) Failure to Provide Timely Off-Duty Meal Periods or Compensation in Lieu Thereof (Labor Code §§ 226.7 and 512(a)); (3) Failure to Provide Timely, Off-Duty Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7); (4) Failure to Pay Minimum Wages (Labor Code §§ 1194

and 1197); (5) Failure to Timely Pay All Wages Due at Separation (Labor Code §§ 201 and 202); (6) Failure to Provide Compliant Wage Statements (Labor Code § 226); (7) Failure to properly calculate and pay sick pay (Labor Code § 246); (8) Failure to Reimburse for Business Expenses (Labor Code §§ 2800 and 2802); (9) Violation of California Labor Code §§ 2698, *et seq.* (PAGA); and (10) Violations of California Business & Professions Code §§ 17200, *et seq.* The Complaint is the operative complaint in the Action (the “Operative Complaint”). Arjo denies the allegations in the Operative Complaint and denies any and all liability for the causes of action alleged.

- 2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Arjo and the LWDA by sending the PAGA Notice.
- 2.3. On August 22, 2022, the Parties participated in an all-day mediation presided over by mediator Jason Marsili, Esq., which led to this Agreement to settle the Action.
- 2.4. Prior to mediation, Plaintiff obtained, through initial disclosures and informal discovery: (1) a list of hourly, non-exempt employees employed at Arjo since July 16, 2017 with hire date, termination date, and job title; (2) wage statements and time records for a random sample of twenty (20) putative class members, including Plaintiff (“Sub-group”); (3) a description of pay codes; (4) hourly pay rates for the Sub-group; (4) Arjo policies and procedures, including its on-call and overtime policies; (5) Plaintiff’s personnel file; and (6) declarations by putative class members. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4<sup>th</sup> 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4<sup>th</sup> 116, 129-130 (“*Dunk/Kullar*”). Plaintiff also consulted an expert witness as part of his investigation into the claims.
- 2.5. The Court has not granted class certification.
- 2.6. The Parties, Class Counsel and Defense Counsel are aware of two pending matters or actions asserting claims that will be extinguished or affected by the Settlement: (1) *Sean Ardinazo, on behalf of himself and other similarly situated, v. ARJO INC.; and DOES 1 through 100, inclusive*; Case No. 2:22-02836-AB-MAA, pending in the Central District of California; and (2) *Sean Ardinazo, on behalf of himself and other aggrieved employees v. ARJO INC.; and DOES 1 to 100, inclusive*, Case No. 22STCV22505, pending in the Superior Court of the State of California, County of Los Angeles (collectively, the “Ardinazo Cases”). Counsel for both of these matters have been informed of the settlement between the Parties and that a Motion for Preliminary Approval is forthcoming.

### **3. MONETARY TERMS.**

- 3.1. Gross Settlement Amount. Arjo promises to pay One Million One Hundred Thousand Dollars (\$1,100,000.00) and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage



Portions of the Individual Class Payments. Arjo has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Arjo.

- 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
  - 3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than Ten Thousand Dollars (\$10,000.00) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Arjo will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.
  - 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 35%, which is currently estimated to be Three Hundred Eighty-Five Thousand Dollars (\$385,000.00) and a Class Counsel Litigation Expenses Payment of not more than \$15,000. Arjo will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Arjo harmless, and indemnifies Arjo, from any dispute or controversy regarding any division or sharing of any of these Payments.

- 3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$12,000 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$12,000, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4. To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.
- 3.2.4.1 Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.
- 3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.
- 3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of One Hundred Thousand Dollars (\$100,000.00) to be paid from the Gross Settlement Amount, with 75% (\$75,000.00) allocated to the LWDA PAGA Payment and 25% (\$25,000.00) allocated to the Individual PAGA Payments.
- 3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$25,000.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

#### **4. SETTLEMENT FUNDING AND PAYMENTS.**

- 4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Arjo estimates there are 135 Class Members who collectively worked a total of 14,743 Workweeks, and 97 Aggrieved Employees who worked a total 3,463 PAGA Pay Periods.
- 4.2. Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Arjo will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Arjo has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Arjo must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.
- 4.3. Funding of Gross Settlement Amount. Arjo shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Arjo's share of payroll taxes by transmitting the funds to the Administrator no later than 30 days after the Effective Date.
- 4.4. Payments from the Gross Settlement Amount. Within 14 days after Arjo funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
  - 4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks

not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

- 4.4.2. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date. The Administrator may deduct any "stop payment" fees for the original check from the replacement check.
- 4.4.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384.
- 4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Arjo to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

**6. RELEASES OF CLAIMS.** Effective on the date when Arjo fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, Aggrieved Employees, and Class Counsel will release claims against all Released Parties as follows:

- 6.1. Plaintiff's Release. Plaintiff and his or her respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint, or ascertained during the Action and released under 6.2 and 6.4 below,

and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under 6.3 and 6.4, below; and (c) all claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or violation of any local, state or federal statute, rule or regulation arising out of, relating to, or in connection with any act or omission by or on the part of any of the Released Parties committed or omitted through the Effective Date ("Plaintiff's Release"). Plaintiff's Release is intended to have the broadest possible application but excludes claims for workers' compensation benefits, claims for unemployment benefits, and any current and/or future claims that are unwaivable as a matter of law. Nothing in this Agreement is intended to or shall be interpreted: (i) to restrict or otherwise interfere with Plaintiff's obligation to testify truthfully in any forum; or (ii) to restrict or otherwise interfere with Plaintiff's right and/or obligation to contact, cooperate with, provide information to, or participate in any investigation conducted by, any government agency or commission. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

6.1.1. Plaintiff's Waiver of Rights Under California Civil Code Section 1542.

For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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

- 6.2. Release by Participating Class Members Who Are Not Aggrieved Employees: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims, demands, rights, liabilities, penalties, fees, and causes of action arising from, or related to, or that were asserted, or that could have been asserted based on the Class Period facts stated in the Operative Complaint and/or ascertained in the course of the Action, including, any and all claims involving any alleged failure to pay all regular wages, minimum wages, and overtime wages due; failure to properly calculate overtime; failure to provide proper meal and rest periods, and to properly provide premium payment in lieu thereof; failure to provide complete, accurate, or properly formatted wage statements; failure to maintain payroll records; failure to timely pay all wages during employment or at separation of employment; waiting time penalties; failure to properly calculate and pay sick pay; failure to reimburse for

business expenses; and unfair business practices that could have been premised on the claims, causes of action or legal theories of relief described above. Released claims by all Participating Class Members include all claims for unpaid wages, overtime wages, statutory penalties, damages of any kind, interest, attorneys' fees, costs, injunctive relief, restitution, and any other equitable relief under California or federal statute, ordinance, regulation, common law, or other source of law, including but not limited to the California Labor Code, California Business and Professions Code, California Civil Code and California Industrial Welfare Commission Wage Orders. Except as set forth in Section 6.3 of this Agreement, Participating Class Members do not release any other claims, including for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

6.3. Release by Non-Participating Class Members Who Are Aggrieved Employees: All Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims, demands, rights, liabilities, penalties, fees, and causes of action for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, stated in the PAGA Notice, and/or ascertained in the course of the Action, including, any and all claims involving any alleged failure to pay all regular wages, minimum wages, and overtime wages due; failure to properly calculate overtime; failure to provide proper meal and rest periods, and to properly provide premium payment in lieu thereof; failure to provide complete, accurate, or properly formatted wage statements; failure to maintain payroll records; failure to timely pay all wages during employment or at separation of employment; waiting time penalties; failure to properly calculate and pay sick pay; failure to reimburse for business expenses; unfair business practices that could have been premised on the claims, causes of action or legal theories of relief described above; and all claims under PAGA that could have been premised on the claims, causes of action, or legal theories described above.

6.4. Release by Participating Class Members Who Are Aggrieved Employees: All Participating Class Members who are also Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims, demands, rights, liabilities, penalties, fees, and causes of action stated in Paragraphs 6.2 and 6.3.

7. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

7.1. Arjo's Declaration in Support of Preliminary Approval. Within 10 days of the full execution of this Agreement, Arjo will prepare and deliver to Class Counsel a

signed Declaration from Arjo and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator.

- 7.2. Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members and/or the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members and/or the Administrator. In their Declarations, Plaintiff and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement, other than the Ardinazo Cases.
- 7.3. Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator. Class Counsel will be responsible for drafting the Motion for Preliminary Approval and will provide a draft to Defense Counsel for their review as least seven (7) days before the filing deadline.
- 7.4. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions

Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

## 8. SETTLEMENT ADMINISTRATION.

- 8.1. Selection of Administrator. The Parties have jointly selected CPT Group to serve as the Administrator and verified that, as a condition of appointment, CPT Group agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 8.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.
- 8.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.
- 8.4. Notice to Class Members.
  - 8.4.1. No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.
  - 8.4.2. Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice, with Spanish translation, if applicable, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.
  - 8.4.3. Not later than 3 business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail



the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

- 8.4.4. The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 60 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.
- 8.4.5. If the Administrator, Arjo, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

8.5. Requests for Exclusion (Opt-Outs).

- 8.5.1. Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.
- 8.5.2. The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

- 8.5.3. Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 6.2 and 6.4 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.
- 8.5.4. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 6.3 of this Agreement and are eligible for an Individual PAGA Payment.
- 8.6. Challenges to Calculation of Workweeks. Each Class Member shall have 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. Workweeks from the Class Data are determined using Arjo's records as to the hire date and termination date of each Class Member, looking at the number of total weeks between those two dates, and rounding to the nearest whole week. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.
- 8.7. Objections to Settlement.
- 8.7.1. Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.
- 8.7.2. Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in

Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

8.7.3. Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

8.8. Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8.8.1. Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

8.8.2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

8.8.3. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

- 8.8.4. Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.
- 8.8.5. Administrator's Declaration. Not later than 14 days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.
- 8.8.6. Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

9. **CLASS SIZE ESTIMATES** Based on its records, Arjo estimates that, as of the date of this Settlement Agreement, (1) there are 135 Class Members and 14,743 Total Workweeks during the Class period and (2) there are 97 Aggrieved Employees who worked 3,463 Pay Periods during the PAGA Period. If, by October 22, 2022, the number of Workweeks has increased by 10% or more (i.e., if there are 16,217 or more Workweeks), the Parties agree that the Class Period will be adjusted to dates on which the number of Workweeks equals 16,217.
10. **ARJO'S RIGHT TO WITHDRAW**. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds eight (8), Arjo may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Arjo withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Arjo will remain responsible for paying all Settlement Administration Expenses incurred to that point. Arjo must notify Class Counsel and the Court of its election to withdraw not

later than ten (10) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

11. **MOTION FOR FINAL APPROVAL.** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiff shall provide drafts of these documents to Defense Counsel not later than 7 days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.
  - 11.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than 5 court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.
  - 11.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
  - 11.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.
  - 11.4. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties’ obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

- 11.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.
12. **AMENDED JUDGMENT.** If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.
13. **ADDITIONAL PROVISIONS.**
- 13.1. No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Arjo that any of the allegations in the Operative Complaint have merit or that Arjo has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Arjo's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval or enter Judgment, Arjo reserves the right to contest certification of any class for any reasons, and Arjo reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Arjo's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 13.2. Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Arjo, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; (5) as necessary to inform the presiding courts in the Ardinazo Cases of the status of this Settlement; or (6) in response to

an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Arjo and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that “the matter was resolved,” or words to that effect. This paragraph does not restrict Class Counsel’s communications with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.

- 13.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel’s ability to communicate with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.
- 13.4. Non-Disparagement. Plaintiff and Class Counsel agree to not publicly disparage Arjo. Arjo agrees to instruct its officers, directors, managers, employees, and agents, who know or have a need to know about this Agreement, not to make or publish any statements, whether in writing or orally, to any employee, client, or affiliate of Arjo, or to any other third party, that disparages Plaintiff. For purposes of this Settlement, “disparage” includes, without limitation, making comments or statements to any person or entity including, but not limited to, the press or media, employees, future employment prospects, partners or principals of the Parties, that would adversely affect in any manner (a) the conduct of the business of the Parties (including, but not limited to, any business plans or prospects), or (b) the reputation of the Parties. For avoidance of doubt, nothing in this Agreement will prevent Arjo from making statements about this Action or Settlement to its officers, directors, managers, employees, or agents.
- 13.5. Media Comments/Publicity: If contacted by the media, the Parties and Class Counsel will merely inform them that the action has been resolved. In addition, there shall be no publicity sought or undertaken whatsoever with regard to the action of the terms of this Agreement. Plaintiff and Class Counsel will not issue a press release or notify the media about the terms of the Settlement or advertise or market any terms of the Settlement through written, recorded, electronic, or other means of communication.
- 13.6. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 13.7. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Arjo, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to

this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 13.8. Representation by Counsel. The Parties acknowledge that they have been represented by competent counsel throughout all negotiations that preceded the execution of the Agreement, and that this Agreement as been executed with the consent and advice of counsel. The Parties further acknowledge that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement.
- 13.9. Plaintiff's Waiver of Right to be Excluded or Object. Named Plaintiff agrees not to Opt-Out of the Class and agrees not to object to the terms of this Agreement. Any such request or objection by Plaintiff will therefore be void and of no force and effect. This provision shall be effective upon Plaintiff signing this Agreement.
- 13.10. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 13.11. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 13.12. No Tax Advice. Neither Plaintiff, Class Counsel, Arjo, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 13.13. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 13.14. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 13.15. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.



- 13.16. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 13.17. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 13.18. Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Arjo in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Class Data received from Arjo unless, prior to the Court's discharge of the Administrator's obligation, Arjo makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.
- 13.19. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 13.20. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 13.21. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

JUSTICE LAW CORPORATION  
c/o Douglas Han  
751 N. Fair Oaks Avenue, Suite 101  
Pasadena, CA 91103  
[dhan@justicelawcorp.com](mailto:dhan@justicelawcorp.com)

To Arjo:

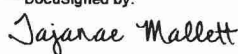
Ice Miller LLP  
c/o Charles Bush  
One American Square, Suite 2900


Indianapolis, IN 46282  
[charles.bush@icemiller.com](mailto:charles.bush@icemiller.com)

- 13.22. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (e.g., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 13.23. Class Counsel Signatories. Because the Class Members are so numerous, the Parties agree that it is impossible or impractical to have each Class Member sign this Agreement. The Agreement may be executed on behalf of the Class by Class Counsel and the named Plaintiff.
- 13.24. Severability. If provision of this Agreement is held by a court of competent jurisdiction to be void, voidable, or unenforceable, then that portion shall be severed, and the remaining portions of this Agreement will remain in full force and effect.
- 13.25. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

  
 \_\_\_\_\_  
 Efrain Perez, For Plaintiff

\_\_\_\_\_  
 Douglas Han, Justice Law Corporation,  
 Counsel For Plaintiff

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 9BB4A0B25DEC474...  
 Tajanae Mallett, For Arjo

  
 \_\_\_\_\_  
 Charles Bush, Ice Miller, LLP, Counsel For  
 Arjo

Indianapolis, IN 46282  
[charles.bush@icemiller.com](mailto:charles.bush@icemiller.com)

- 13.22. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (e.g., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
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\_\_\_\_\_  
Efrain Perez, For Plaintiff



\_\_\_\_\_  
Douglas Han, Justice Law Corporation,  
Counsel For Plaintiff

\_\_\_\_\_  
Tajanae Mallett, For Arjo

\_\_\_\_\_  
Charles Bush, Ice Miller, LLP, Counsel For  
Arjo

# **EXHIBIT A**

## EXHIBIT A

### COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

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

**You may be eligible to receive money** from an employee class action lawsuit (“Action”) against Arjo Inc. (“Arjo”) for alleged wage and hour violations. The Action was filed by a former Arjo employee Efrain Perez (“Plaintiff”) and seeks payment of: (1) back wages and other relief for a class of hourly, nonexempt employees (“Class Members”) who worked for Arjo during the Class Period (July 16, 2017 to October 22, 2022); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all hourly, nonexempt employees who worked for Arjo during the PAGA Period (March 15, 2020 to October 22, 2022) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Arjo to fund Individual Class Payments, and (2) a PAGA Settlement requiring Arjo to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Arjo’s records, and the Parties’ current assumptions, your Individual Class Payment is estimated to be \$ \_\_\_\_\_ (less withholding) and your Individual PAGA Payment is estimated to be \$ \_\_\_\_\_. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Arjo’s records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Arjo’s records showing that you worked \_\_\_\_\_ workweeks during the Class Period and you worked \_\_\_\_\_ pay periods during the PAGA Period. If you believe that you worked more workweeks or pay periods during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Arjo to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Arjo.

If you worked for Arjo during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

**(1) Do Nothing.** You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Arjo.

**(2) Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Arjo, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

**Arjo will not retaliate against you for any actions you take with respect to the proposed Settlement.**

#### SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

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|---|---|
| <p><b>You Don't Have to Do Anything to Participate in the Settlement</b></p>  | <p>If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Arjo that are covered by this Settlement (Released Claims).</p>  |
| <p><b>You Can Opt-out of the Class Settlement but not the PAGA Settlement</b></p> <p><b>The Opt-out Deadline is</b></p> <hr/> | <p>If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice.</p> <p>You cannot opt-out of the PAGA portion of the proposed Settlement. Arjo must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).</p> |

|   |   |
|---|---|
| <p><b>Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement</b></p> <p><b>Written Objections Must be Submitted by</b></p> <p>_____</p> | <p>All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed Settlement. The Court’s decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.</p> |
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|--|--|
| <p><b>You Can Participate in the _____ Final Approval Hearing</b></p>  | <p>The Court’s Final Approval Hearing is scheduled to take place on _____. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.</p>   |
| <p><b>You Can Challenge the Calculation of Your Workweeks/Pay Periods</b></p> <p><b>Written Challenges Must be Submitted by</b></p> <p>_____</p> | <p>The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Pay Periods you worked according to Arjo’s records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.</p> |

## **1. WHAT IS THE ACTION ABOUT?**

Plaintiff is a former employee. The Action accuses Arjo of violating California labor laws by failing to pay minimum wages, overtime wages, wages upon termination, sick pay, reimbursable business expenses, premiums for missed meal and rest breaks and by failing to provide meal breaks, rest breaks, and accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) (“PAGA”). Plaintiff is represented by attorneys in the Action: Justice Law Corporation (“Class Counsel.”)

Arjo strongly denies violating any laws or failing to pay any wages and Arjo asserts that it complied with all applicable laws. However, in the interests of resolving the matter without continued and expensive litigation, Arjo decided to enter into a settlement.

## **2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?**

So far, the Court has made no determination whether Arjo or Plaintiff is correct on the merits.

In the meantime, Plaintiff and Arjo hired an experienced, neutral mediator, Jason Marsili, Esq., in an effort to resolve the Action by negotiating an end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Arjo have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Arjo does not admit any violations or concede the merit of any claims.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Arjo has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

## **3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?**

1. Arjo Will Pay \$1,100,000 as the Gross Settlement Amount (Gross Settlement). Arjo has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the California Labor and Workforce Development Agency (“LWDA”). Assuming the Court grants Final Approval, Arjo will fund the Gross Settlement not more than 30 days after the Judgment entered by the Court become final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.



2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
  - A. Up to \$ 385,000.00 (35% of the Gross Settlement] to Class Counsel for attorneys' fees and up to \$15,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
  - B. Up to \$10,000.00 as a Class Representative Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
  - C. Up to \$12,000 to the Administrator for services administering the Settlement.
  - D. Up to \$100,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.
4. Taxes Owed on Payments to Class Members. Plaintiff and Arjo are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages ("Wage Portion") and 80% to interest and penalties ("Non-Wage Portion."). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Arjo will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Arjo have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name.

If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than \_\_\_\_\_, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the \_\_\_\_\_ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Arjo.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Arjo based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and Arjo have agreed that, in either case, the Settlement will be void: Arjo will not pay any money and Class Members will not release any claims against Arjo.
8. Administrator. The Court has appointed a neutral company, CPT Group (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.
9. Participating Class Members' Release. After the Judgment is final and Arjo has fully funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Arjo or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims, demands, rights, liabilities, penalties, fees, and causes of action arising from, or related to, or that were asserted, or that could have been asserted based on the Class Period facts

stated in the Operative Complaint and/or ascertained in the course of the Action, including, any and all claims involving any alleged failure to pay all regular wages, minimum wages, and overtime wages due; failure to properly calculate overtime; failure to provide proper meal and rest periods, and to properly provide premium payment in lieu thereof; failure to provide complete, accurate, or properly formatted wage statements; failure to maintain payroll records; failure to timely pay all wages during employment or at separation of employment; waiting time penalties; failure to properly calculate and pay sick pay; failure to reimburse for business expenses; and unfair business practices that could have been premised on the claims, causes of action or legal theories of relief described above. Released claims by all Participating Class Members include all claims for unpaid wages, overtime wages, statutory penalties, damages of any kind, interest, attorneys' fees, costs, injunctive relief, restitution, and any other equitable relief under California or federal statute, ordinance, regulation, common law, or other source of law, including but not limited to the California Labor Code, California Business and Professions Code, California Civil Code and California Industrial Welfare Commission Wage Orders. Except as set forth in Section 6.3 of this Agreement, Participating Class Members do not release any other claims, including for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Arjo has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Arjo, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Arjo or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows:

All Participating and Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims, demands, rights, liabilities, penalties, fees, and causes of action for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, stated in the PAGA Notice, and/or ascertained in the course of the Action, including, any and all claims involving any alleged failure to pay all regular wages, minimum wages, and overtime wages due; failure to properly calculate overtime; failure to provide proper meal and rest periods, and to properly provide premium payment in lieu thereof; failure to provide complete, accurate, or properly formatted wage statements; failure to maintain payroll records;

failure to timely pay all wages during employment or at separation of employment; waiting time penalties; failure to properly calculate and pay sick pay; failure to reimburse for business expenses; unfair business practices that could have been premised on the claims, causes of action or legal theories of relief described above; and all claims under PAGA that could have been premised on the claims, causes of action, or legal theories described above.

#### **4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?**

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$25,000 by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual Aggrieved Employee.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Arjo's records, are stated in the first page of this Notice. You have until \_\_\_\_\_ to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Arjo's calculation of Workweeks and/or Pay Periods based on Arjo's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Arjo's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

#### **5. HOW WILL I GET PAID?**

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.
2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

**Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.**

## **6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?**

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Efrain Perez v. Arjo Inc.*, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by \_\_\_\_\_, or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

## **7. HOW DO I OBJECT TO THE SETTLEMENT?**

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Arjo are asking the Court to approve. At least \_\_\_\_\_ days before the \_\_\_\_\_ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website \_\_\_\_\_ or the Court's website \_\_\_\_\_.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is \_\_\_\_\_.** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action, *Efrain Perez v. Arjo Inc.*, and include your name, current address, telephone number, and approximate dates of employment for Arjo and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

## 8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on \_\_\_\_\_ at \_\_\_\_\_ in Department 10 of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website \_\_\_\_\_ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

## 9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Arjo and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to CPT Group's website at \_\_\_\_\_. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<http://www.lacourt.org/casesummary/ui/index.aspx>) and entering the Case Number for the Action, Case No. 22STCV01261. You can also make an appointment to personally review court documents in the Clerk's Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

### **DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.**

#### Class Counsel:

Name of Attorney: Douglas Han

Email Address: dhan@justicelawcorp.com

Name of Firm: Justice Law Corporation

Mailing Address: 751 N. Fair Oaks Avenue, Suite 101, Pasadena, CA 91103

Telephone: (818) 230-7502

#### Settlement Administrator:

Name of Company: CPT Group

Email Address: \_\_\_\_\_

Mailing Address: 50 Corporate Park, Irvine, CA 92606

Telephone: (800) 542-0900

Fax Number: \_\_\_\_\_

## **10. WHAT IF I LOSE MY SETTLEMENT CHECK?**

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If a “stop payment” order is required on your original check, that fee may be deducted by the Administrator from your replacement check. If your check is already void:

- you should consult the Unclaimed Property Fund for instructions on how to retrieve the funds
- you will have no way to recover the money.

## **11. WHAT IF I CHANGE MY ADDRESS?**

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

# **EXHIBIT 3**



March 15, 2021

**BY U.S. EMAIL/ELECTRONIC SUBMISSION**

PAGAfilings@dir.ca.gov  
State of California  
Labor & Workforce Development Agency  
800 Capitol Mall, MIC-55  
Sacramento, California 95814

**Re: ARJO INC. d/b/a ARJOHUNTLEIGH INC.**

Dear Representative:

We have been retained to represent Efrain Perez against Arjo Inc. d/b/a ArjoHuntleigh Inc. (including any and all affiliates, managers, members, subsidiaries, and parents, and their shareholders, officers, directors, and employees), any individual, owner, officer and managing agent, DOES 1-10 as an "Employer" or person acting on behalf of an "Employer" pursuant to California Labor Code section 558.1, and DOES 11-20<sup>1</sup> for violations of California wage-and-hour laws (hereinafter collectively referred to as "ARJO").

Mr. Perez is pursuing his California Labor Code section 2698, *et seq.*, the Private Attorneys General Act of 2004 ("PAGA") claim on a representative basis. Therefore, Mr. Perez may seek penalties for violations of the Labor Code on behalf of the State of California and aggrieved employees, which are recoverable under PAGA. This letter is sent in compliance with the reporting requirements of California Labor Code section 2699.3.

Arjo Inc. d/b/a ArjoHuntleigh Inc. is a Delaware corporation located at 2349 West Lake Street, Addison, Illinois 60101.

ARJO employed Mr. Perez as an hourly-paid non-exempt Filed Technician within one year of the date of this letter (until in or about August of 2020<sup>2</sup>) in the State of California. ARJO directly controlled the wages, hours and working conditions of Mr. Perez and other aggrieved employees' employment, including direction, hiring, retention, supervision, and termination.

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<sup>1</sup> Mr. Perez does not know the true names or capacities, whether individual, partner or corporate, of DOES 1 through 20, inclusive, and for that reason, said DOES are designated under such fictitious names. Mr. Perez will amend this notice when the true names and capacities are known. Mr. Perez is informed and believes that each DOE was responsible in some way for the matters alleged herein and proximately caused Mr. Perez and other current and former aggrieved employees to be subject to the illegal employment practices, wrongs and injuries complained of herein.

<sup>2</sup> Per Emergency Rule 9 (Tolling statute of limitations for civil causes of action) of the Judicial Council's Emergency Rules Related to COVID-19, all statute of limitations for civil causes of action that exceed 180 days are tolled from April 6, 2020 until October 1, 2020. Therefore, the one (1) year statute of limitations for Mr. Perez's PAGA cause of action is tolled.

The “aggrieved employees” that Mr. Perez may seek penalties on behalf of are all current and former hourly-paid or non-exempt employees (whether hired directly or through a staffing agency) of ARJO within the State of California.

ARJO failed to properly pay its hourly-paid or non-exempt employees for all hours worked, failed to properly provide or compensate minimum and overtime wages and for meal and rest breaks, failed to issue compliant wage statements and failed to reimburse for all necessary business-related costs and expenses, thus resulting in other Labor Code violations as stated below.

Pursuant to *Huff v. Securitas Security Services*, 23 Cal. App. 5th 745, 751 (2018), an employee who brings a representative action and was affected by at least one of the violations alleged in the complaint has standing to pursue penalties on behalf of the state not only for that violation, but for violations affecting other employees as well. Accordingly, Mr. Perez has standing to pursue penalties on behalf of the state for violations affecting all the aggrieved employees at ARJO, regardless of their classification, job title, locations, or whether they were hired directly or through a staffing agency.

ARJO has violated and/or continues to violate, among other provisions of the California Labor Code and applicable wage law, California Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and the IWC Wage Orders.

California Labor Code sections 510, 1194, and 1198 require employers to pay at least minimum wage for all hours worked, pay time-and-a-half, or double time overtime wages, and make it unlawful to work employees for hours longer than eight hours in one day and/or over forty hours in one week without paying the premium overtime rates. During the relevant time period, Mr. Perez and other aggrieved employees routinely worked in excess of 8 hours in a day and 40 hours in a week. ARJO failed to compensate Mr. Perez and other aggrieved employees for all hours worked and performing off-the-clock work, including pre- and post-shift, while on-call waiting to receive work, and during meal breaks. ARJO also failed to factor non-discretionary bonuses and incentives, including for delivering specialty products, in Mr. Perez and other aggrieved employees’ regular rate of pay for purposes of overtime compensation. Moreover, ARJO automatically deducted meal breaks from Mr. Perez and other aggrieved employees’ time regardless whether they were provided with breaks. Therefore, Mr. Perez and other aggrieved employees were entitled to receive certain wages for overtime compensation, but they were not paid for all overtime hours worked.

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California Labor Code section 246 requires that employers provide employees with paid sick leave of not less than one hour per every 30 hours worked. California Labor Code section 246(l) also requires that paid sick leave be paid at a non-exempt employee's regular rate of pay for the workweek in which the employee uses paid sick time or at a rate calculated by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment. During the relevant time period, ARJO failed to pay Mr. Perez and other aggrieved employees with paid sick leave that complied with California Labor Code section 246, by, for example, failing to pay paid sick leave at non-exempt employee's regular rate of pay or at a rate calculated by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment.

California Labor Code sections 226.7 and 512 require employers to pay an employee one additional hour of pay at the employee's regular rate for each workday that a meal or rest break is not provided. During the relevant time period, ARJO routinely required Mr. Perez and other aggrieved employees to work through, interrupt, cut short, and/or delay their meal and rest breaks to comply with ARJO policies and expectations. ARJO assigned Mr. Perez and other aggrieved employees to high volume routes with time sensitive delivery windows that forced them to forego legally compliant meal and rest breaks to meet deadlines. ARJO also failed to adequately staff its facilities and operations to provide coverage to Mr. Perez and other aggrieved employees so they may be relieved of all work duties and take legally compliant meal and rest breaks. Moreover, ARJO automatically deducted meal breaks from Mr. Perez and other aggrieved employees' time regardless whether they were provided with the breaks. Lastly, ARJO failed to authorize and permit Mr. Perez and other aggrieved employees to take the requisite number of meal and rest breaks, including second meal breaks and third rest breaks, when working shifts exceeding 10 hours in length. Despite these facts, ARJO failed to compensate Mr. Perez and other aggrieved employees all the premium wages they were owed.

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California Labor Code section 201 requires that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately. California Labor Code section 202 requires that 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. California Labor Code section 203 provides that if an employer willfully fails to pay, without abatement or reduction, in accordance with Labor Code sections 201, 201.3, 201.5, 201.6, 201.8, 201.9, 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. During the relevant time period, ARJO failed to pay Mr. Perez and other aggrieved employees all wages, including for uncompensated off-the-clock work, unpaid overtime premiums and premium wages for failing to provide legally mandated meal and rest breaks, due to them within any time period specified by California Labor Code sections 201 and 203 and therefore is liable under California Labor Code section 203.

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. During the relevant time period, ARJO failed to pay Mr. Perez and other aggrieved employees all wages due to them, including for uncompensated off-the-clock work, unpaid overtime premiums and premium wages for failing to provide legally mandated meal and rest breaks within any time period specified by California Labor Code section 204.

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California Labor Code section 226 requires employers to make, keep and provide complete and accurate itemized wage statements to their employees. During the relevant time period, ARJO did not provide Mr. Perez and other aggrieved employees with complete and accurate itemized wage statements. The wage statements they received from ARJO were in violation of California Labor Code section 226(a). The violations include, but are not limited to, the failure to include (1) gross wages earned by Mr. Perez and other aggrieved employees, (2) total hours worked by Mr. Perez and other aggrieved employees, (3) the number of piece-rate units earned and any applicable piece rate by Mr. Perez and other aggrieved employees (4) all deductions for Mr. Perez and other aggrieved employees, (5) net wages earned by Mr. Perez and other aggrieved employees, (6) the inclusive dates of the period for which Mr. Perez and other aggrieved employees are paid, (7) the name of the aggrieved employee and only 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 Mr. Perez and other aggrieved employees.

California Labor Code section 558 allows recovery of penalties. (a) Any employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars (\$50) for each underpaid employee for each pay period for which the employee was underpaid in addition to an amount sufficient to recover underpaid wages. (2) For each subsequent violation, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee was underpaid in addition to an amount sufficient to recover underpaid wages. (3) Wages recovered pursuant to this section shall be paid to the affected employee. Mr. Perez and other aggrieved employees have been denied their wages and premium wages and, therefore, are entitled to penalties.

California Labor Code sections 1174(d) requires an employer to keep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant time period, ARJO failed to keep accurate and complete payroll records showing the hours worked daily and the wages paid, to Mr. Perez and other aggrieved employees.

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California Labor Code sections 1194, 1197 and 1197.1 provide the minimum wage to be paid to employees, and the payment of a lesser wage than the minimum so fixed is unlawful. During the relevant time period, ARJO did not provide Mr. Perez and other aggrieved employees with the minimum wages to which they were entitled despite constructive and actual knowledge of off-the-clock work, including pre- and post-shift, while on-call waiting to receive work, and during meal breaks, and for automatically deducting meal breaks regardless whether they were provided the breaks.

California Labor Code sections 2800 and 2802 require an employer to reimburse its employee for all necessary expenditures incurred by the employee in direct consequence of the discharge of his or her job duties or in direct consequence of his or her obedience to the directions of the employer. During their employment, Mr. Perez and other aggrieved employees incurred necessary business-related expenses and costs that were not fully reimbursed by ARJO, including for using their personal cellular phones to make deliveries and purchasing gear they were required to wear as part of their uniform while working.

We believe that Mr. Perez and other current and former California-based hourly-paid or non-exempt employees are entitled to penalties and wages as allowed under California Labor Code section 2698, *et seq.* for violations of Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and the IWC Wage Orders.

California Labor Code section 2699.3 requires that a claimant send a certified letter to the employer in questions and the California Labor & Workforce Development Agency setting forth the claims, and the basis for the claims, thereby giving the California Labor & Workforce Development Agency an opportunity to investigate the claims and/or take any action it deems appropriate.

The purpose of this letter is to satisfy the requirement created by California Labor code section 2699 prior to seeking penalties allowed by law for the aforementioned statutory violations. We look forward to determining whether California Labor & Workforce Development Agency intends to take any action in reference to these claims. We kindly request that you respond to this notice according to the time frame contemplated by the California Labor Code.

Mr. Perez will seek these penalties on his own behalf and on behalf of other similarly situated California-based hourly-paid or non-exempt employees of ARJO within one year of the date of this letter, as allowed by law.

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LWDA  
March 15, 2021  
Page 7 of 7

If you have any questions or require additional information, please do not hesitate to contact us. Thank you for your attention to this matter and the noble cause you advance each and every day.

Very truly yours,

**JUSTICE LAW CORPORATION**

A handwritten signature in black ink, appearing to read "D. Han", written over a horizontal line.

Douglas Han, Esq.

**CC: (By Certified U.S. Mail Only):**

Arjo Inc. d/b/a ArjoHuntleigh Inc.  
c/o CSC - Lawyers Incorporating Service  
2710 Gateway Oaks Drive, Suite 150N  
Sacramento, California 95833  
*Agent for Service of Process for Arjo Inc. d/b/a ArjoHuntleigh Inc.*

# **EXHIBIT 4**





Justice Law Corporation <info@justicelawcorp.com>

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## Thank you for your Proposed Settlement Submission

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**DIR PAGA Unit** <lwdadonotreply@dir.ca.gov>  
To: info@justicelawcorp.com

Fri, Jan 6, 2023 at 2:31 PM

01/06/2023 02:30:52 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

If you have questions or concerns regarding this submission or your case, please send an email to [pagainfo@dir.ca.gov](mailto:pagainfo@dir.ca.gov).

DIR PAGA Unit on behalf of  
Labor and Workforce Development Agency

Website: [http://labor.ca.gov/Private\\_Attorneys\\_General\\_Act.htm](http://labor.ca.gov/Private_Attorneys_General_Act.htm)

# **EXHIBIT 5**

**CASE NAME: PEREZ V. ARJO**

**Date:** September 20, 2022  
**Requesting Attorney:** Douglas Han  
**Plaintiff or Defense:** Plaintiff  
**Firm Name:** Justice Law Corporation  
**Telephone:** (818) 230-7502 ext. 201  
**Email:** dhan@justicelawcorp.com

**All-In Settlement**  
**Class Size:** 125  
**Opt-Out Rate:** 1.5%  
**No. of Checks Issued:** 123  
**Postage Total:** \$181.54  
**Grand Total:** \$11,605.31  
**DISCOUNTED FLAT FEE: \$8,750.00**  
**\*NOT TO EXCEED: \$11,700.00**

\*The services and numbers reflected herein are an estimate provided by counsel. If the actual services and number are different, our cost estimate will change accordingly.  
The attached Terms and Conditions are included as part of our cost proposal. By accepting our costs proposal for this matter, you are thereby agreeing to the Terms and Conditions.

**CASE SETUP**

Upon Intake of the Data, CPT will Scrub all Records to a Useable Format to Reduce Duplicates, Anomalies and Increase the Success Rate of Deliverability of the Class Notice. Class Members will be Assigned a Unique Mailing ID which will be Used Throughout Administration. All Pertinent Documents will be Posted on a Case Specific Website.

| ADMINISTRATIVE TASKS                  | UNIT PRICE | PIECES/HOURS | COST ESTIMATE   |
|---------------------------------------|------------|--------------|-----------------|
| Project Manager: Case Intake & Review | \$95.00    | 1            | \$95.00         |
| Programming: Data Base Setup          | \$150.00   | 1            | \$150.00        |
| Static Website                        | \$500.00   | 1            | \$500.00        |
| <b>TOTAL</b>                          |            |              | <b>\$745.00</b> |

**DIRECT MAIL NOTICE**

To Ensure Mailing to the Most Current Address Possible, CPT will Perform an Address Update via NCOA. CPT will Mail a Full-Length Notice & 1-Page Exclusion Form.

| ADMINISTRATIVE TASKS                     | UNIT PRICE | PIECES/HOURS | COST ESTIMATE   |
|--|------------|--------------|-----------------|
| Project Manager: Format Documents        | \$95.00    | 2            | \$190.00        |
| National Change of Address Search (NCOA) | \$135.00   | 1            | \$135.00        |
| Print & Mail Notice Packets              | \$1.00     | 125          | \$125.00        |
| First-Class Postage (up to 1 oz.)*       | \$0.60     | 125          | \$75.00         |
| <b>TOTAL</b>                             |            |              | <b>\$525.00</b> |

\*Postage costs are subject to change at anytime. The final rate will be determined at the time of mailing.

**PROCESS RETURNED UNDELIVERABLE MAIL**

Based On CPT's Historical Data, 6% of the Notices will be Returned Undeliverable. Upon Receipt, CPT will Perform a Skip Trace in an Attempt to Obtain a Current Address; Thus, 91% of the Notice Packets are Rемаiled.

| ADMINISTRATIVE TASKS               | UNIT PRICE | PIECES/HOURS | COST ESTIMATE  |
|------------------------------------|------------|--------------|----------------|
| Clerical Staff                     | \$60.00    | 1            | \$60.00        |
| Update Undeliverable Mail Database | \$0.50     | 8            | \$4.00         |
| Skip Trace for Best Address        | \$1.00     | 7            | \$7.00         |
| Print & Remail Notice Packets      | \$1.00     | 6            | \$6.00         |
| First-Class Postage (up to 1 oz.)  | \$0.60     | 6            | \$3.60         |
| <b>TOTAL</b>                       |            |              | <b>\$80.60</b> |

## OPT-OUT PROCESSING

CPT will Process and Validate all Opt-Outs and Other Responses from Class Members. Deficient Opt-Outs will Receive a Deficiency Notice by Mail and Provide an Opportunity to Cure. CPT will Scrub the Filed Opt-Outs to Eliminate Duplicates, Fraudulent, and Otherwise Invalid.

| ADMINISTRATIVE TASKS                       | UNIT PRICE | PIECES/HOURS | COST ESTIMATE   |
|--|------------|--------------|-----------------|
| Programming: De-duplication/Scrubbing      | \$150.00   | 1            | \$150.00        |
| Project Manager: Validate Opt-Out Requests | \$95.00    | 1            | \$95.00         |
| Clerical Staff                             | \$60.00    | 1            | \$60.00         |
| Opt-Out & Change of Address Processing     | \$2.00     | 2            | \$3.75          |
| Print & Mail Deficiency/Dispute Notices    | \$1.50     | 1            | \$1.50          |
| First-Class Postage (up to 1 oz.)          | \$0.60     | 1            | \$0.60          |
| Review & Process Deficiency Responses      | \$10.00    | 1            | \$10.00         |
|  |            | <b>TOTAL</b> | <b>\$320.85</b> |

## TELEPHONE SUPPORT

CPT will Maintain a Toll-Free Phone Number with IVR Capabilities and Live Class Member Support Representatives During Normal Business Hours, Monday-Friday, 9:00 AM - 5:30 PM, PT. The Dedicated Case Phone Number will Remain Active Up to 120 Days After Disbursement.

| ADMINISTRATIVE TASKS             | UNIT PRICE | PIECES/HOURS | COST ESTIMATE   |
|----------------------------------|------------|--------------|-----------------|
| Toll-Free Number Establish/Setup | \$150.00   | 2            | \$300.00        |
| Live Call Center Support Reps.   | \$3.00     | 25           | \$75.00         |
|                                  |            | <b>TOTAL</b> | <b>\$375.00</b> |

## SSN VERIFICATION

Verify SSN for Validity with IRS / IRS Backup Withholdings

| ADMINISTRATIVE TASKS                     | UNIT PRICE | PIECES/HOURS | COST ESTIMATE   |
|--|------------|--------------|-----------------|
| Programming: SSN Selection               | \$150.00   | 1            | \$150.00        |
| Department Manager: Analysis & Reporting | \$95.00    | 3            | \$285.00        |
| IRS SSN Verification                     | \$0.10     | 123          | \$12.31         |
|  |            | <b>TOTAL</b> | <b>\$447.31</b> |

## DISTRIBUTION SERVICES

CPT will Establish and Manage the Qualified Settlement Fund (QSF) for up to One Year After Disbursement. Upon Approval, CPT will Perform all Necessary Calculations and Disburse Funds. CPT will Mail an 8.5"x11" MICR Check to Valid Class Members. CPT Uses a Payee Positive Pay System to Reconcile Checks Cashed and Conducts Monthly Account Reconciliations for the QSF.

| ADMINISTRATIVE TASKS                       | UNIT PRICE | PIECES/HOURS | COST ESTIMATE     |
|--|------------|--------------|-------------------|
| Programming: Calculation Totals            | \$150.00   | 3            | \$450.00          |
| Project Supervisor: Review of Distribution | \$150.00   | 3            | \$450.00          |
| Project Manager: Correspondence w/Parties  | \$95.00    | 2            | \$190.00          |
| Programming: Setup & Printing of Checks    | \$150.00   | 3            | \$450.00          |
| Obtain EIN, Setup QSF/Bank Account         | \$150.00   | 3            | \$450.00          |
| Print & Mail Notice, Checks & W2/1099      | \$2.50     | 123          | \$307.81          |
| First-Class Postage (up to 1 oz.)*         | \$0.60     | 123          | \$73.88           |
|  |            | <b>TOTAL</b> | <b>\$2,371.69</b> |

\*Postage costs are subject to change at anytime. The final rate will be determined at the time of mailing.

## POST-DISTRIBUTION & TAX REPORTING

Any Check Returned Undeliverable is Skip Traced to Locate a Current Address and Retailed Accordingly. CPT will Process Requests for Check Reissues Continuously. CPT Prepares Annual Tax Reporting on Behalf of the QSF and Federal and State Taxes in Accordance with Current State and Federal Regulations. Upon the Conclusion of the Settlement, a Final Report and Declaration will be Provided to all Parties.

| ADMINISTRATIVE TASKS                        | UNIT PRICE | PIECES/HOURS | COST ESTIMATE     |
|---|------------|--------------|-------------------|
| Project Supervisor: Account Reconciliation  | \$150.00   | 10           | \$1,500.00        |
| Update Undeliverable Checks Database        | \$0.50     | 10           | \$5.00            |
| Skip Trace for Best Address                 | \$1.00     | 10           | \$10.00           |
| Remail Undeliverable Checks                 | \$2.50     | 9            | \$22.50           |
| First-Class Postage (up to 1 oz.)           | \$0.60     | 9            | \$5.40            |
| Re-Issue Checks as Required                 | \$5.00     | 7            | \$35.00           |
| First-Class Postage (up to 1 oz.)           | \$0.60     | 7            | \$4.20            |
| Project Supervisor: Reconcile Uncashed Chk  | \$150.00   | 1            | \$150.00          |
| Programming: Weekly & Final Reports         | \$150.00   | 2            | \$300.00          |
| Project Supervisor: Final Declaration       | \$150.00   | 2            | \$300.00          |
| Project Manager: Account Files Sent to Atty | \$95.00    | 2            | \$190.00          |
| CA Tax Preparation*                         | \$600.00   | 1            | \$600.00          |
| Annual Tax Reporting to IRS*                | \$1,000.00 | 1            | \$1,000.00        |
| QSF Annual Tax Reporting                    | \$500.00   | 1            | \$500.00          |
|   |            | <b>TOTAL</b> | <b>\$4,622.10</b> |

\*CPT will file Federal and California taxes in accordance to current state and federal regulations. Additional charges will apply if the Settlement/Order/parties require(s) multiple state tax filings.

## SCO ESCHEATMENT PROCESSING

| Escheatment Processing to the State Controller Unclaimed Property Division / Uncashed Check Rate 21% |            |              |                   |
|--|------------|--------------|-------------------|
| ADMINISTRATIVE TASKS   | UNIT PRICE | PIECES/HOURS | COST ESTIMATE     |
| UPEnterprise Reporting Services  | \$0.15     | 26           | \$3.90            |
| Project Manager: SCO Fall Reporting  | \$95.00    | 2            | \$190.00          |
| Project Supervisor: Review of SCO Reports  | \$150.00   | 1            | \$150.00          |
| Certified Mail Report to SCO   | \$8.53     | 1            | \$8.53            |
| Check Reissues for Winter/Spring QTR   | \$5.00     | 3            | \$15.00           |
| First-Class Postage (up to 1 oz.)  | \$0.60     | 3            | \$1.80            |
| Project Supervisor: June Remittance  | \$150.00   | 1            | \$150.00          |
| Project Manager: June Remittance   | \$95.00    | 2            | \$190.00          |
| Certified Mail Report to SCO   | \$8.53     | 1            | \$8.53            |
| Add'l Account Recons   | \$150.00   | 6            | \$900.00          |
| Add'l QSF Annual Tax Reporting   | \$500.00   | 1            | \$500.00          |
|  |            | <b>TOTAL</b> | <b>\$2,117.76</b> |

**GRAND TOTAL \$11,605.31**

# TERMS AND CONDITIONS

These Terms and Conditions are made a part of, and incorporated by reference into, any cost proposal or Bid presented by CPT Group, Inc. to Client

## 1. Definitions.

- a) **"Affiliate"** means a party that partially (at least 50%) or fully controls, is partially or fully controlled by, or is under partial (at least 50%) or full common control with another party.
  - b) **"Approved Bank"** means a financial institution insured by the Federal Deposit Insurance Corporation with capital exceeding \$1 billion.
  - c) **"Case"** means the particular judicial matter identified by the name of plaintiff(s) and defendant(s) on the applicable Order.
  - d) **"Claims Administrator"** means CPT Group, Inc., a reputable third-party Claims Administrator selected by all the Parties (Plaintiff and Defense Counsel) to administer the Settlement or Notification Mailing.
  - e) **"Client"** means collectively Plaintiff Counsel and Defense Counsel.
  - f) **"Client Content"** means all Class Member written document communications relating to the Case, including claim forms, opt-out forms, and objections, which contain Client Data.
  - g) **"Client Data"** means proprietary or personal data regarding Client or any of its Class Members under this Agreement, as provided by Client.
  - h) **"Class Member"** means an individual who is eligible under the Settlement Agreement to receive a designated amount of the Settlement, including the named Plaintiff(s) in the Case and all other putative persons so designated or addressed therein.
  - i) **"Confidential Information"** means any non-public information of CPT or Client disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible objects, or to which the other party may have access, which a reasonable person would consider confidential and/or which is marked "confidential" or "proprietary" or some similar designation by the disclosing party. Confidential Information shall also include the terms of this Agreement, except where this Agreement specifically provides for disclosure of certain items. Confidential Information shall not, however, include the existence of the Agreement or any information which the recipient can establish: (i) was or has become generally known or available or is part of the public domain without direct or indirect fault, action, or omission of the recipient; (ii) was known by the recipient prior to the time of disclosure, according to the recipient's prior written documentation; (iii) was received by the recipient from a source other than the discloser, rightfully having possession of and the right to disclose such information; or (iv) was independently developed by the recipient, where such independent development has been documented by the recipient.
  - j) **"Court Order"** means a legal command or direction issued by a court, judicial office, or applicable administrative body requiring one or more parties to the Case to carry out a legal obligation pursuant to the Case.
  - k) **"Defendant"** means the named party and/or parties in the Case against whom action is brought.
  - l) **"Defense Counsel"** means the attorney of record for the defendant(s) in the Case.
  - m) **"Intellectual Property Right"** means any patent, copyright, trade or service mark, trade dress, trade name, database right, goodwill, logo, trade secret right, or any other intellectual property right or proprietary information right, in each case whether registered or unregistered, and whether arising in any jurisdiction, including without limitation all rights of registrations, applications, and renewals thereof and causes of action for infringement or misappropriation related to any of the foregoing.
  - n) **"Order"** means a Product purchase in a schedule, statement of work, addendum, exhibit, or amendment signed by Client and CPT.
  - o) **"Parties"** shall mean collectively Defendants, Defense and Plaintiff as defined in the Settlement Agreement or Court Order.
  - p) **"Plaintiff"** means the named party and/or parties in the Case who are bringing the action.
  - q) **"Plaintiff Counsel"** means the attorney of record for plaintiff Class Members in the Case.
  - r) **"Products"** means any and all CPT Services, and work products resulting from Services.
  - s) **"Qualified Settlement Fund"** means the entity as defined by Treasury Regulation section 4686-1 under which a bank account is established to receive settlement funds from the Defendant in the Case, which such funds are then disbursed by CPT according to the Settlement Agreement and pursuant to Court Order.
  - t) **"Service"** means any service rendered by CPT specifically to Client, including, but not limited to: (i) notifications to Class Members; (ii) setting up a Qualified Settlement Fund with a financial institution; (iii) management of disbursement of funds from the Qualified Settlement Fund to applicable parties pursuant to the Settlement Agreement; (iv) provision of customer support relating to the Case; (v) management of Case claim forms and correspondence; and/or (vi) any administrative or consulting service.
  - u) **"Software"** means any and all of CPT's proprietary applications, including, without limitation, all updates, revisions, bug-fixes, upgrades, and enhancements thereto.
  - v) **"Settlement"** means the total dollar amount agreed to between parties to the Case, as negotiated by Plaintiff Counsel and Defense Counsel, to resolve the Case to mutual satisfaction.
  - w) **"Settlement Agreement"** means the contract between parties to the Case to resolve the same, which specifies amounts to be disbursed from the Qualified Settlement Fund to attorneys, CPT, and individual Class Members.
  - x) **"Term"** means the term of the Agreement, as set forth in the Order.
  - y) **"Transmission Methods"** means the secure authorized manner to send Client Data and/or Wire Information as specified on a schedule or Order hereto.
  - z) **"Wire Information"** means instructions for (i) Defense Counsel to transfer funds from Defendant to the Qualified Settlement Fund or (ii) CPT to transfer funds from the Qualified Settlement Fund to applicable parties pursuant to the Settlement Agreement.
2. Client Obligations. Client will ensure that it has obtained all necessary consents and approvals for CPT to access Client Data for the purposes permitted under this Agreement and shall only transmit Client Data and/or Wire Instructions to CPT via the Transmission Methods. Client shall use and maintain appropriate administrative, technical, and physical safeguards designed to protect Client Data provided under this Agreement. Client shall not send, or attempt to send, Client Data and/or Wire Instructions via email, facsimile, unprotected spreadsheet, USB flash drive or other external or removable storage device, cloud storage provider, or any other method not specified in the Transmission Methods. Notwithstanding the foregoing, Client acknowledges and understands that the electronic transmission of information cannot be guaranteed to be secure or error free, and such information could be intercepted, corrupted, lost, and/or destroyed. Client further warrants that any Client Data and/or Wire Instructions it transmits shall be free of viruses, worms, Trojan horses, or other harmful or disabling codes which could adversely affect the Client Data and/or CPT. If Client is in breach of this section, CPT may suspend Services, in addition to any other rights and remedies CPT may have at law or in equity.
3. Security. The Parties and CPT shall each use reasonable administrative, technical, and physical safeguards that are reasonably designed to: (a) protect the security and confidentiality of any personally identifiable information provided by Class Members and/or Client under this Agreement; (b) protect against any anticipated threats or hazards to the security or integrity of such personally identifiable information; (c) protect against unauthorized access to or use of such personally identifiable information that could result in substantial harm or inconvenience to any individual; and (d) protect against unauthorized access to or use of such personally identifiable information in connection with its disposal. Each Party will respond promptly to remedy any known security breach involving the personally identifiable information provided by you and/or Client under this Agreement and shall promptly inform the other Parties of such breaches.
4. CPT Obligations. Provided that Client complies with all provisions of Section "Client Obligations", CPT will (i) maintain appropriate safeguards for the protection of Client Data, including regular back-ups, security and incident response protocols, and (ii) not access or disclose Client Data except (A) as compelled by law, (B) to prevent or address service or technical issues, (C) in accordance with this Agreement or the provisions of the Settlement Agreement, or (D) if otherwise permitted by Client.
5. Mutual Obligations.
- a) Resources. Each party agrees to: (i) provide the resources reasonably necessary to enable the performance of the Services; (ii) manage its project staffing, milestones, and attendance at status meetings; and (iii) ensure completion of its project deliverables and active participation during all phases of a Service project. The parties acknowledge that failure to cooperate during a Service project may delay delivery of the Service.

If there is a delay, the party experiencing the delay will notify the other party as soon as reasonably practicable, and representatives of each party will meet to discuss the reason for the delay and applicable consequences. Changes beyond the scope of an Order and/or a party's delay in performing its obligations may require an amended Order.

- b) **Incident Notification.** Each party will promptly inform the other parties in the event of a breach of Client Data in their possession and shall utilize best efforts to assist the other parties to mitigate the effects of such incident.
6. **Qualified Settlement Fund Account.** At Client's request, CPT shall be authorized to establish one or more bank accounts at an Approved Bank. The amounts held at the Approved Bank under this Agreement are at the sole risk of Client. Without limiting the generality of the foregoing, CPT shall have no responsibility or liability for any diminution of the funds that may result from the deposit thereof at the Approved Bank, including deposit losses, credit losses, or other claims made against the Approved Bank. It is acknowledged and agreed that CPT has acted reasonably and prudently in depositing funds at an Approved Bank, and CPT is not required to conduct diligence or make any further inquiries regarding such Approved Bank.
7. **Fees and Payment.** Pricing stated within the proposal is good for 90 Days. All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the Client data and /or notice documents. Client will be invoiced for any remaining fees according to the applicable Order. Pricing stated within any proposal from CPT to Client is for illustrative purposes only and is only binding upon an Order executed by CPT and Client. Payment of fees will be due within 30 days after the date of the invoice, except where this Agreement expressly prescribes other payment dates. All fees set forth in an Order are in U.S. dollars, must be paid in U.S. dollars, and are exclusive of taxes and applicable transaction processing fees. Late payments hereunder will incur a late charge of 1.5% (or the highest rate allowable by law, whichever is lower) per month on the outstanding balance from the date due until the date of actual payment. In addition, Services are subject to suspension for failure to timely remit payment therefor. If travel is required to effect Services, Client shall reimburse CPT for pre-approved, reasonable expenses arising from and/or relating to such travel, including, but not limited to, airfare, lodging, meals, and ground transportation.
8. **Term and Termination.**
- a) **Term.** The Term is set forth in the Order. The Agreement may be renewed by mutual written agreement of the parties.
- b) **Termination for Cause.** Either party may immediately terminate this Agreement if the other party materially breaches its obligations hereunder, and, where capable of remedy, such breach has not been materially cured within forty-five (45) days of the breaching party's receipt of written notice describing the breach in reasonable detail.
- c) **Bankruptcy Events.** A party may immediately terminate this Agreement if the other party: (i) has a receiver appointed over it or over any part of its undertakings or assets; (ii) passes a resolution for winding up (other than for a bona fide scheme of solvent amalgamation or reconstruction), or a court of competent jurisdiction makes an order to that effect and such order is not discharged or stayed within ninety (90) days; or (iii) makes a general assignment for the benefit of its creditors.
- d) **Effect of Termination.** Immediately following termination of this Agreement, upon Client's written request, Client may retrieve Client Data via Client's secure FTP site in the same format in which the Client Data was originally inputted into the Software, at no additional charge. Alternatively, Client Data can be returned in a mutually agreed format at a scope and price to be agreed. CPT will maintain a copy of Client Data and Client Content for no more than four (4) years following the date of the final check cashing deadline for Class Members under the Settlement Agreement, after which time any Client Data and Client Content not retrieved will be destroyed.
- e) **Final Payment.** If Client terminates this Agreement due to Section "Termination", Client shall pay CPT all fees owed through the termination date. If CPT terminates the Agreement in accordance with Section "Termination," Client shall pay CPT all fees invoiced through the termination date, plus all fees remaining to be invoiced during the Term, less any costs CPT would have incurred had the Agreement not been terminated.

**Confidentiality.** Each of the parties agrees: (i) not to disclose any Confidential Information to any third parties except as mandated by law and except to those subcontractors of CPT providing Products hereunder who agree to be bound by confidentiality obligations no less stringent than those set forth in this Agreement; (ii) not to use any Confidential Information for any purposes except carrying out such party's rights and responsibilities under this Agreement; and (iii) to keep the Confidential Information confidential using the same degree of care such party uses to protect its own confidential information; provided, however, that such party shall use at least reasonable care. These obligations shall survive termination of this Agreement.

- a) **Compelled Disclosure.** If receiving party is compelled to disclose any Confidential Information by judicial or administrative process or by other requirements of law, such party shall (i) promptly notify the other party, (ii) reasonably cooperate with the other party in such party's efforts to prevent or limit such compelled disclosure and/or obtain confidential treatment of the items requested to be disclosed, and (iii) shall disclose only that portion of such information which each party is advised by its counsel in writing is legally required to be disclosed.
- b) **Remedies.** If either party breaches any of its obligations with respect to confidentiality or the unauthorized use of Confidential Information hereunder, the other party shall be entitled to seek equitable relief to protect its interest therein, including but not limited to, injunctive relief, as well as money damages.
10. **Intellectual Property.** As between the parties, CPT will and does retain all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to the Products. Client retains all ownership rights to Client Data.
11. **Indemnification.** Client agrees to indemnify, defend, and hold harmless CPT, its Affiliates, and the respective officer, directors, consultants, employees, and agents of each (collectively, Covered CPT Parties") from and against any and all third party claims and causes of action, as well as related losses, liabilities, judgments, awards, settlements, damages, expenses and costs (including reasonable attorney's fees and related court costs and expenses) (collectively, "Damages") incurred or suffered by CPT which directly relate to or directly arise out of (i) Client's breach of this Agreement; (ii) CPT's performance of Services hereunder; (iii) the processing and/or handling of any payment by CPT; (iv) any content, instructions, information or Client Data provided by Client to CPT in connection with the Services provided by CPT hereunder. The foregoing provisions of this section shall not apply to the extent the Damages relate to or arise out of CPT's willful misconduct. To obtain indemnification, indemnitee shall: (i) give written notice of any claim promptly to indemnitor; (ii) give indemnitor, at indemnitor's option, sole control of the defense and settlement of such claim, provided that indemnitor may not, without the prior consent of indemnitee (not to be unreasonably withheld), settle any claim unless it unconditionally releases indemnitee of all liability; (iii) provide to indemnitor all available information and assistance; and (iv) not take any action that might compromise or settle such claim.
12. **Warranties.** Each party represents and warrants to the other party that, as of the date hereof: (i) it has full power and authority to execute and deliver the Agreement; (ii) the Agreement has been duly authorized and executed by an appropriate employee of such party; (iii) the Agreement is a legally valid and binding obligation of such party; and (iv) its execution, delivery and/or performance of the Agreement does not conflict with any agreement, understanding or document to which it is a party. CPT WARRANTS THAT ANY AND ALL SERVICES PROVIDED BY IT HEREUNDER SHALL BE PERFORMED IN A PROFESSIONAL MANNER CONSISTENT WITH PREVAILING INDUSTRY STANDARDS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, CPT DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE.
13. **Liability.**
- a) **Liability Cap.** EXCEPT FOR A PARTY'S WILLFUL MISCONDUCT, EACH PARTY'S MAXIMUM AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE THEORY OF LIABILITY, WILL BE LIMITED TO THE TOTAL CLAIMS ADMINISTRATOR FEES PAID OR PAYABLE BY CLIENT TO CPT HEREUNDER. THE EXISTENCE OF MORE THAN ONE CLAIM SHALL NOT EXPAND SUCH LIMIT. THE PARTIES ACKNOWLEDGE THAT THE FEES AGREED UPON BETWEEN CLIENT AND CPT ARE BASED IN PART ON THESE LIMITATIONS, AND THAT THESE LIMITATIONS WILL APPLY NOTWITHSTANDING ANY FAILURE OF ANY ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. THE FOREGOING LIMITATION SHALL NOT APPLY TO A PARTY'S PAYMENT OBLIGATIONS UNDER THE AGREEMENT.
- b) **Exclusion of Consequential Damages.** NEITHER PARTY WILL BE LIABLE FOR LOST PROFITS, LOST REVENUE, LOST BUSINESS OPPORTUNITIES, LOSS OF DATA, INTERRUPTION OF BUSINESS, OR ANY OTHER INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
14. **Communications.** CPT may list Client's name and logo alongside CPT's other clients on the CPT website and in marketing materials, unless and until Client revokes such permission. CPT may also list the Case name and/or number, and certain Qualified Settlement Fund information, on the CPT website and in marketing materials, unless stated otherwise in the Settlement Agreement.

15. Miscellaneous Provisions.

- a) Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of California and the federal laws of the United States of America, without regard to conflict of law principles. CPT and Client agree that any suit, action or proceeding arising out of, or with respect to, this Agreement or any judgment entered by any court in respect thereof shall be brought exclusively in the state or federal courts of the State of California located in the County of Orange, and each of CPT and Client hereby irrevocably accepts the exclusive personal jurisdiction and venue of those courts for the purpose of any suit, action or proceeding.
- b) Force Majeure. Neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including without limitation acts of war, acts of God, earthquake, flood, weather conditions, embargo, riot, epidemic, acts of terrorism, acts or omissions of vendors or suppliers, equipment failures, sabotage, labor shortage or dispute, governmental act, failure of the Internet or other acts beyond such party's reasonable control, provided that the delayed party: (i) gives the other party prompt notice of such cause; and (ii) uses reasonable commercial efforts to correct promptly such failure or delay in performance.
- c) Counterparts. This Agreement may be executed in any number of counterparts and electronically, each of which shall be an original but all of which together shall constitute one and the same instrument.
- d) Entire Agreement. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between the parties with respect to such subject matter. The schedules and exhibits hereto constitute a part hereof as though set forth in full herein.
- e) Modifications. Any modification, amendment, or addendum to this Agreement must be in writing and signed by both parties.
- f) Assignment. Neither party may assign this Agreement or any of its rights, obligations, or benefits hereunder, by operation of law or otherwise, without the other party's prior written consent; provided, however, either party, without the consent of the other party, may assign this Agreement to an Affiliate or to a successor (whether direct or indirect, by operation of law, and/or by way of purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of such party, where the responsibilities or obligations of the other party are not increased by such assignment and the rights and remedies available to the other party are not adversely affected by such assignment. Subject to that restriction, this Agreement will be binding on, inure to the benefit of, and be enforceable against the parties and their respective successors and permitted assigns.
- g) No Third-Party Beneficiaries. The representations, warranties, and other terms contained herein are for the sole benefit of the parties hereto and their respective successors and permitted assigns and shall not be construed as conferring any rights on any other persons.
- h) Statistical Data. Without limiting the confidentiality rights and Intellectual Property Rights protections set forth in this Agreement, CPT has the perpetual right to use aggregated, anonymized, and statistical data ("Statistical Data") derived from the operation of the Software, and nothing herein shall be construed as prohibiting CPT from utilizing the Statistical Data for business and/or operating purposes, provided that CPT does not share with any third-party Statistical Data which reveals the identity of Client, Client's Class Members, or Client's Confidential Information.
- i) Export Controls. Client understands that the use of CPT's Products is subject to U.S. export controls and trade and economic sanctions laws and agrees to comply with all such applicable laws and regulations, including the Export Administration Regulations maintained by the U.S. Department of Commerce and the trade and economic sanctions maintained by the Treasury Department's Office of Foreign Assets Control.
- j) Severability. If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be contrary to law, such provision shall be changed by the court or by the arbitrator and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law, and the remaining provisions of this Agreement shall remain in full force and effect.
- k) Notices. Any notice or communication required or permitted to be given hereunder may be delivered by hand, deposited with an overnight courier, sent by electronic delivery, or mailed by registered or certified mail, return receipt requested and postage prepaid to the address for the other party first written above or at such other address as may hereafter be furnished in writing by either party hereto to the other party. Such notice will be deemed to have been given as of the date it is delivered, if by personal delivery; the next business day, if deposited with an overnight courier; upon receipt of confirmation of electronic delivery (if followed up by such registered or certified mail); and five days after being so mailed.
- l) Independent Contractors. Client and CPT are independent contractors, and nothing in this Agreement shall create any partnership, joint venture, agency, franchise, sales representative or employment relationship between Client and CPT. Each party understands that it does not have authority to make or accept any offers or make any representations on behalf of the other. Neither party may make any statement that would contradict anything in this section.
- m) Subcontractors. CPT shall notify Client of its use of any subcontractors to perform Client-specific Services. CPT shall be responsible for its subcontractors' performance of Services under this Agreement.
- n) Headings. The headings of the sections of this Agreement are for convenience only, do not form a part hereof, and in no way limit, define, describe, modify, interpret, or construe its meaning, scope or intent.
- o) Waiver. No failure or delay on the part of either party in exercising any right, power or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise or the exercise of any other right, power, or remedy.
- p) Survival. Sections of the Agreement intended by their nature and content to survive termination of the Agreement shall so survive.