## CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between plaintiffs Joey Ruiz and Joshua Nisbet (together, "Plaintiffs") and defendant Southern Tire Mart, LLC ("Defendant"). The Agreement refers to Plaintiffs and Defendant collectively as "Parties," or individually as "Party."

## 1. <u>DEFINITIONS</u>.

- 1.1. "Action" means the Plaintiffs' lawsuit alleging wage and hour violations against Defendant captioned *Ruiz v. Southern Tire Mart, LLC et al* in Los Angeles Superior Court, Case No. 24STCV12037 initiated on May 13, 2024 and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2. "Administrator" means ILYM Group, Inc., 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(s)" means all current and former non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period.
- 1.5. "Class" means all current and former non-exempt employees who worked for Defendant in the State of California at any time during the Class Period.
- 1.6. "Class Counsel" means Jonathan M. Genish, Miriam L. Schimmel, Joana Fang, Alexandra Rose, Jared C. Osborne, and Kyle W. Wilson of Blackstone Law, APC, Mehrdad Bokhour of Bokhour Law Group, P.C., and Joshua Falakassa of Falakassa Law, P.C.
- 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 Actions, and each of them identified in sections 2.1 and 2.2 below.
- 1.8. "Class Data" means Class Member identifying information in Defendant's possession including the Class Member's full name, last-known mailing address, Social Security number, and dates worked during the Class Period.
- 1.9. "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, 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 March 15, 2020 through May 8, 2025.
- 1.13. "Class Representatives" means the named Plaintiffs in the Operative Complaint in the Action seeking Court approval to serve as Class Representatives.
- 1.14. "Class Representative Service Payments" means the payments to the Class Representatives 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. "Defendant" means named Defendant Southern Tire Mart, LLC.
- 1.17. "Defense Counsel" means Jason Borchers and Andrew Woo of Littler Mendelson, P.C.
- 1.18. "Effective Date" means 5 calendar days after the period for filing any appeal, writ, or other appellate proceeding opposing the Final Approval Order and Judgment has elapsed without any appeal, writ, or other appellate proceeding having been filed, *i.e.*, 65 days from the date the court grants final approval and enters judgment; or (b) if any appeal, writ, or other appellate proceeding opposing the Final Approval Order and Judgment has been filed within that timeframe, 5 business days after any appeal, writ, or other appellate proceedings opposing the Settlement has finally and conclusively dismissed with no right to pursue further remedies or relief.
- 1.19. "Final Approval Order" 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. "Gross Settlement Amount" means \$1,075,000.00, which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

- 1.22. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Pay Periods worked during the Class Period.
- 1.23. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.
- 1.24. "Judgment" means the judgment entered by the Court based upon the Final Approval Order.
- 1.25. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.26. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.27. "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 Payments, 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.
- 1.28. "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.
- 1.29. "PAGA Pay Period" means any pay period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.30. "Pay Period" means any pay period during which a Class Member worked for Defendant for at least one day during the Class Period.
- 1.31. "PAGA Period" means the period from March 6, 2023 through May 8, 2025.
- 1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698, et seq.).
- 1.33. "PAGA Notice" means Plaintiffs' March 6, 2024 and September 30, 2024 letters to Defendant 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 75% to the 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. "Plaintiffs" mean Joey Ruiz and Joshua Nisbet, the named plaintiffs in the Action.
- 1.37. "Preliminary Approval Order" means the proposed order granting preliminary approval of the Settlement.
- 1.38. "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.
- 1.39. "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.
- 1.40. "Released Parties" means Defendant, Southern Tire Mart at Pilot, LLC, and any and all of their past and present parents, subsidiaries, predecessors, successors, and affiliates, temporary staffing agencies as well as each of their past and present officers, directors, exempt employees, partners, managers, members, owners, shareholders, agents, attorneys, insurers, reinsurers, and any individual or entity which could be jointly liable with Defendant.
- 1.41. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the class action components of the Settlement signed by the Class Member.
- 1.42. "Response Deadline" means 45 days after the Administrator mails the Class Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may submit Requests for Exclusion, written objections, and/or challenges to Pay Periods and/or PAGA Pay Periods. Class Members to whom Class Notices are resent after having been returned undeliverable to the Administrator shall have an additional 14 days beyond the Response Deadline.
- 1.43. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

## 2. <u>RECITALS</u>.

- 2.1. On March 15, 2024, Plaintiff Ruiz filed a Class Action Complaint titled *Ruiz v. Southern Tire Mart, LLC et al* in Los Angeles Superior Case No. 24STCV06704, which was subsequently removed to the United States District Court, Central District, Case No. 2:24-cv-03429-SPG-E ("Ruiz Removed Action"). On May 13, 2024, Plaintiff Ruiz filed a Complaint for Enforcement Action Under the Private Attorneys General Act, Cal. Labor Code §§ 2698 *Et Seq.* in the Action.
- 2.2. On September 30, 2024, Plaintiff Nisbet filed a Class Action Complaint titled *Nisbet v. Southern Tire Mart, LLC*, Santa Clara Case No. 24CV448451, which was subsequently removed to the United States District Court, Northern District, Case No. 5:24-cv-07653-

- PCP ("Nisbet Class Action"). On December 4, 2024, Plaintiff Nisbet filed a PAGA Representative Action Complaint, also titled *Nisbet v. Southern Tire Mart, LLC*, in Santa Clara Superior Court Case No. 24CV453319 ("Nisbet PAGA Action").
- 2.3. The Parties agree that, for settlement purposes only, Plaintiffs will file an amended complaint ("Operative Complaint") in the Action that (1) incorporates the class and PAGA claims asserted in the Ruiz Removed Action, Nisbet Class Action, and Nisbet PAGA Action; and (2) adds Plaintiff Nisbet as a named plaintiff. Collectively, the Action, Ruiz Removed Action, Nisbet Class Action, and Nisbet PAGA Action are referred to as the "Actions."
- 2.4. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.
- 2.5. Pursuant to Labor Code section 2699.3, subd. (a), Plaintiffs gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.
- 2.6. On May 8, 2025, the Parties participated in a Mandatory Settlement Conference presided over by Honorable William F. Fahey, which led to this Agreement to settle the Actions.
- 2.7. Prior to negotiating the Settlement, Plaintiffs obtained, through informal discovery, Defendant's wage and hour policies and practices, putative class members' time and pay data. Plaintiffs also took the depositions of a "Person Most Knowledgeable" regarding Defendant's wage and hour practices and declarant depositions of at least eight putative class members. Plaintiffs' 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").
- 2.8. The Court has not granted class certification.
- 2.9. The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement other than the Actions.

#### 3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendant promises to pay \$1,075,000.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wages Portions of the Individual Class Payments. Defendant 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 Defendant.

- 3.2. <u>Payments from the Gross Settlement Amount</u>. 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 Order:
  - 3.2.1. To Plaintiffs: Class Representative Service Payments to the Class Representatives of not more than \$15,000.00 to Plaintiff Ruiz and \$10,000.00 to Plaintiff Nisbet (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representatives are entitled to receive as Participating Class Members and Aggrieved Employees. Defendant will not oppose Plaintiffs' request for Class Representative Service Payments that do not exceed these amounts. As part of the motion for the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, Plaintiffs 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 Class Representative Service Payments less than the amounts requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Service Payments.
  - 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 1/3 of the Gross Settlement Amount plus the total amount of "Pick-Up Stix" payments made to California employees by Defendant in the gross amount of \$361,461.01, which is currently estimated to be \$478,820.34, and a Class Counsel Litigation Expenses Payment of not more than \$40,000.00. Defendant will not oppose requests for these payments provided they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for the Class Counsel Fees Payment and Class Counsel 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. The Released Parties shall have no liability to Class Counsel or any other Plaintiffs' counsel arising from any claim to any portion of the Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Litigation 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 Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments.
  - 3.2.3. To the Administrator: An Administration Expenses Payment not to exceed \$25,000.00 except for a showing of good cause and as approved by the Court. To the extent the Administrator's expenses are less or the Court approves payment less than \$25,000.00, 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 Pay Periods worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Pay Periods.
  - 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 \$50,000.00 to be paid from the Gross Settlement Amount, with 75% (\$37,500.00) allocated to the LWDA PAGA Payment and 25% (\$12,500.00) 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 (\$12,500.00) 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. <u>SETTLEMENT FUNDING AND PAYMENTS.</u>

4.1. <u>Class Pay Periods and Aggrieved Employee PAGA Pay Periods</u>. Based on a review of its records to date, Defendant estimates there are 868 Class Members who collectively worked

- a total of 47,000 Pay Periods, and 762 Aggrieved Employees who worked a total of 34,828 PAGA Pay Periods.
- 4.2. <u>Class Data</u>. Not later than 15 days after the Court grants preliminary approval of the Settlement, Defendant 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 the 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. Defendant 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 Defendant 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. <u>Funding of Gross Settlement Amount</u>. Defendant shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than 5 business days after the Effective Date.
- 4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendant 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 Payments. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payments 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 Class Payments to all Participating Class Members (including those for whom a 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 a 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 undeliverable without a USPS forwarding address. Within 7 days of receiving a returned check, the Administrator must remail 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.
- 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 Division in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).
- 4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant 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.
- **RELEASE OF CLAIMS.** Upon entry of the Final Approval Order and Judgment and date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs and Class Members will release claims against all Released Parties as follows:
  - 5.1. Plaintiffs' Release. Plaintiffs, on behalf of their 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 that occurred during the Class Period, 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 and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, the PAGA Notice, or ascertained during the Action and released under 5.2 below ("Plaintiffs' Release"). The Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believes to be true but agrees, nonetheless, that the Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.
    - 5.1.1. Plaintiffs' Waiver of Rights Under California Civil Code Section 1542.

For purposes of the Plaintiffs' Release, Plaintiffs expressly waive and relinquish 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.

## 5.2. Release by Participating Class Members.

All Participating Class Members, behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties from the class claims, which were alleged or which could have been reasonably alleged based on the factual allegations in the Operative Complaints, arising during the Class Period, which include claims for unpaid wages including minimum, regular, and overtime wages (Cal. Lab. Code §§ 204, 210, 510, 516, 1182.12, 558, 1194, 1197, 1197.1, 1198, 1199; and the applicable Wage Order); non-compliant meal periods and any unpaid meal premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); non-compliant rest breaks and any unpaid rest break premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); improper deductions (Lab. Code § 221); failing to timely pay wages including vacation wages and paid sick leave (to the extent based on miscalculation of the regular rate of pay) (Lab. Code §§ 201-204, 227.3 noncompliant wage statements (Lab. Code §§ 226, 226.3); failure to reimburse business expenses (Lab. Code §§ 2800 and 2802); unfair competition or unlawful or fraudulent business practices (Bus. & Prof. Code § 17200 et seq.) arising from the Labor Code violations released herein; failure to maintain accurate records (Lab. Code § 1174, 1174.5, and applicable Wage Order) claims for statutory penalties based on the same or similar facts alleged in the Operative Complaint (except for PAGA penalties, which are separately released hereinbelow); and claims for interest, penalties (including but not limited to waiting time penalties at Lab. Code §§ 201-204), premiums, injunctive relief, declaratory relief, or restitution in connection with any of the preceding claims. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims 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.

#### 5.3. Release by Aggrieved Employees.

All Aggrieved Employees are deemed to release, behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from any claims for civil penalties under PAGA, which were alleged or which could have been reasonably alleged based on the factual allegations in the PAGA Notice and Operative Complaint, arising during the PAGA Period, which include any claims for unpaid minimum, regular, overtime, regular rate (Cal. Lab. Code §§ 204, 210, 510, 558, 1182.12, 1194, 1197, 1197.1, 1198, and applicable Wage Order); noncompliant meal periods and any unpaid meal premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); non-compliant rest breaks and any unpaid rest break

premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); failing to timely pay wages; (Lab. Code §§ 201-204, 227.3, 245-249); non-compliant wage statements (Lab. Code § 226); failure to reimburse business expenses (Lab. Code §§ 2800, 2802); improper deductions (Lab. Code § 221); failure to maintain accurate records (Lab. Code § 1174, 1174.5, and applicable Wage Order); and claims for interest, penalties (including waiting time penalties at Lab. Code §§ 201-204), or premiums in connection with any of the preceding claims as well as any claims for PAGA penalties arising from violations of the California Labor Code, California Industrial Welfare Commission's Wage Orders, or the California Code of Regulations, that were alleged or which could have been alleged under the same or similar facts in the PAGA Notice and Operative Complaint. The Released PAGA Claims apply to Aggrieved Employees who 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 for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the PAGA Notice and Operative Complaint that occurred during the PAGA Period.

- **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 approval.
  - 6.1. <u>Defendant's Declaration in Support of Preliminary Approval</u>. Within 10 days of the full execution of this Agreement, Defendant will prepare and deliver to Class Counsel a signed declaration from Defendant and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their declarations, Defense Counsel and Defendant 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.
  - 6.2. Plaintiffs' Responsibilities. Plaintiffs 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 Preliminary Approval Order; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administrating 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 Plaintiffs, Class Counsel, or Defense Counsel; (v) signed declarations from Plaintiffs 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; (vi) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; and 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. (1)(1)), and this Agreement (Labor Code section 2699, subd. (1)(2)); and (vii) all facts relevant to any actual or potential conflict of interest with

- Class Members and/or the Administrator. In their declarations, Plaintiffs and Class Counsel 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.
- 6.3. 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; obtain 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 Order to the Administrator.
- 6.4. <u>Duty to Cooperate</u>. 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.

## 7. <u>SETTLEMENT ADMINISTRATION</u>.

- 7.1. Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of the Administration Expenses Payment. 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.
- 7.2. <u>Employer Identification Number</u>. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholding and providing reports to state and federal tax authorities.
- 7.3. 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.

## 7.4. Notice to Class Members.

- 7.4.1. 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, Aggrieved Employees, Pay Periods, and PAGA Pay Periods in the Class Data.
- 7.4.2. 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 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 Pay Periods 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.

- 7.4.3. No 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 the Class Notice to Class Members whose Class Notice is returned by the USPS a second time.
- 7.4.4. The deadlines for Class Members' written objections, challenges to Pay Periods and/or PAGA 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 Class Notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.
- 7.4.5. If the Administrator, Defendant, 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 the 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 the Class Notice, or the deadline dates in the Class Notice, whichever are later.

## 7.5. Requests for Exclusion (Opt-Outs).

7.5.1. Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by mail, a signed written Request for Exclusion not later than the Response Deadline (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 their representative that reasonably communicates the Class Member's election to be excluded from the Class Settlement and includes the Class Member's full name, address, and email address or telephone number. To be valid, a Request for Exclusion must be timely postmarked by the Response Deadline. The Parties agree that Ignacio Abarca will not submit a Request for Exclusion.

- 7.5.2. 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.
- 7.5.3. 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 releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.
- 7.5.4. 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 5.3 of this Agreement and are eligible for an Individual PAGA Payment.
- 7.6. Challenges to Pay Periods and/or PAGA Pay Periods. Each Class Member shall have until the Response Deadline (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Pay Periods 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 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 Pay Periods and/or PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Pay Periods and/or PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges of Pay Periods and/or PAGA Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination to the challenges.

## 7.7. Objections to Settlement.

7.7.1. 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 requests for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Class Representative Service

- Payments. The Parties agree that Ignacio Abarca will not object to the class action components of the Settlement and/or this Agreement.
- 7.7.2. Participating Class Members may send written objections to the Administrator, by 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 the Response Deadline (plus an additional 14 days for Class Members whose Class Notice was re-mailed).
- 7.7.3. Non-Participating Class Members have no right to object to any of the class action components of the Settlement.
- 7.8. <u>Administrator Duties</u>. 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 Agreement, Motion for Preliminary Approval, the Preliminary Approval Order, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payments, the Final Approval Order, and Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member emails and calls.
  - 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 Response Deadline, 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; and (c) copies of all Requests for Exclusion submitted (whether valid or invalid).
- **8. ESCALATOR CLAUSE.** Based on its records, Defendant represents that there are approximately 47,000 Pay Periods worked during the Class Period. In the event the number of Pay Periods worked by the Class Members during the Class Period increases by more than 7.5%, then the Gross Settlement Amount shall be increased proportionally by the number of Pay Periods in excess of 50,525 Pay Periods.
- 9. **DEFENDANT'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendant 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, Defendant will remain responsible for paying all of the Administrator's expenses incurred to that point. Defendant must notify Class Counsel and the Court of its election to withdraw not later than 7 days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

- **10. MOTION FOR FINAL APPROVAL.** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiffs 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. (1), a proposed Final Approval Order and a proposed Judgment (collectively, "Motion for Final Approval"). Plaintiffs shall provide drafts of these documents to Defense Counsel 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.
  - 10.1. <u>Response to Objections</u>. 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.
  - 10.2. <u>Duty to Cooperate</u>. 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 releases 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 Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
  - 10.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of the 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.
  - 10.4. <u>Waiver of Right to Appeal</u>. 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 Agreement, 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.

- 10.5. 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 releases 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 Administrator expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payments 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.
  - 10.6. Within 10 days after entry of the Judgment, Class Counsel will provide a copy of the Judgment to the LWDA.
  - 10.7. Upon entry of the Judgment of the Action, Class Counsel shall seek and obtain dismissal of the remaining Actions identified in Sections 2.1 and 2.2 above, each Party to bear their own attorneys' fees and costs.
- **11. 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.

## 12. ADDITIONAL PROVISIONS.

- 12.1. 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 Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of the Settlement only. If, for any reason the Court does grant preliminary approval, final approval, or enter the Judgment, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Actions, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Actions 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).
- 12.2. Confidentiality. Plaintiffs, Class Counsel, Defendant, 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; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Plaintiffs and Class Counsel further agree that, with the exception of disclosures required to facilitate the Settlement, they shall not publicize the terms of the Settlement including, but not limited to, any newspaper, journal, magazine, website, and/or online reporter of settlements, or on any website.

Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant, 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.

- 12.3. <u>No Solicitation</u>. 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.
- 12.4. <u>Integrated Agreement</u>. 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.
- 12.5. <u>Attorney Authorization</u>. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, 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.
- 12.6. <u>Cooperation.</u> 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 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.
- 12.7. <u>No Prior Assignments</u>. 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 a Party in this Agreement.

- 12.8. <u>No Tax Advice</u>. Neither Plaintiffs, Class Counsel, Defendant, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Agreement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 12.9. <u>Modification of Agreement</u>. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by counsel for the Parties and approved by the Court.
- 12.10. <u>Agreement Binding on Successors</u>. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.11. <u>Applicable Law.</u> 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.
- 12.12. <u>Cooperation in Drafting</u>. 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.
- 12.13. <u>Confidentiality</u>. 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.
- 12.14. <u>Use and Return of Class Data</u>. 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 Defendant in connection with settlement negotiations, or in connection with the Settlement, may be used only with respect to the 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, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destructions, of the Class Data.
- 12.15. <u>Headings</u>. 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.
- 12.16. <u>Calendar Days</u>. 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.
- 12.17. <u>Notice</u>. 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 Ruiz:

Jonathan M. Genish
Miriam L. Schimmel (mschimmel@blackstonepc.com)
Joana Fang (jfang@blackstonepc.com)
Alexandra Rose (arose@blackstonepc.com)
Jared C. Osborne (josborne@blackstonepc.com)
Kyle W. Wilson (kwilson@blackstonepc.com)
Blackstone Law, APC
8383 Wilshire Blvd., Suite 745
Beverly Hills, CA 90211
Tel: (310) 622-4278 / Fax: (855) 786-6356

#### To Plaintiff Nisbet:

Mehrdad Bokhour (mehrdad@bokhourlaw.com) Bokhour Law Group, P.C. 1901 Avenue of the Stars, Suite 920 Los Angeles, CA 90067 Tel: (310) 975-1493 / Fax: (310) 675-0861

Joshua S. Falakassa (josh@falakassalaw.com) Falakassa Law, P.C. 1901 Avenue of the Stars, Suite 920 Los Angeles, CA 90067 Tel: (818) 456-6168 / Fax: (888) 505-0868

#### To Defendant:

Jason H. Borchers (jborchers@littler.com) Littler Mendelson P.C. 5200 N. Palm Ave., Suite 302 Fresno, CA 93704 (559) 244-7500

12.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. 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.

Stay of Litigation. The Parties agree that upon the execution of this Agreement the

litigation, including all of the Actions identified in Sections 2.1 and 2.2 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

12.19.

12.19.	Stay of Litigation. The Parties agree that upon the execution of this Agreement the
lit	igation, including all of the Actions identified in Sections 2.1 and 2.2 shall be stayed, except
to	effectuate the terms of this Agreement. The Parties further agree that upon the signing of
th	is Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial
un	nder CCP section 583.310 for the entire period of this settlement process.

By:	
Plaintiff Joey Ruiz	
By: Joshua Mshut	
Plaintiff Joshua Nisbet	
By:	
Defendant Southern Tire Mart, LLC	
Title:	
Name:	

under CCP section 583.310 for the entire period of this settlement process.

9. <u>Stay of Litigation</u>. The Parties agree that upon the execution of this Agreement the litigation, including all of the Actions identified in Sections 2.1 and 2.2 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



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

Ruiz, et al. v. Southern Tire Mart, LLC, et al. Los Angeles County Superior Court Case Number 24STCV12037

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 entitled *Ruiz, et al. v. Southern Tire Mart, LLC, et al.*, Los Angeles County Superior Court Case Number 24STCV12037 ("Action") against Southern Tire Mart, LLC, et al. ("Defendant") for alleged wage and hour violations. The Action is being prosecuted by former employees Joey Ruiz and Joshua Nisbet (together, "Plaintiffs") and seeks payment of (1) back wages and other relief for a class of all current and former non-exempt employees who worked for Defendant in the State of California at any time during the Class Period ("Class Members"); and (2) penalties under the California Private Attorney General Act ("PAGA") for all current and former non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period ("Aggrieved Employees"). The "Class Period" is the period from March 15, 2020 through May 8, 2025. The "PAGA Period" is the period from March 6, 2023 through May 8, 2025.

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

Based on the Defe	endant's records, and the Part	ties' current assumptions, your Ind	lividual Class Payment is $\epsilon$	estimated to
be \$	(less withholding) and your	· Individual PAGA Payment is est	imated to be \$	. The actual
amount you may 1	receive likely will be differer	nt and will depend on a number of	factors. (If no amount is sta	ated for your
Individual PAGA	Payment, then according to th	ne Defendant's records you are not e	ligible for an Individual PAG	GA Payment
under the Settleme	ent because you didn't work o	during the PAGA Period.)		
The above estimat	tes are based on the Defendar	nt's records showing that you worl	ked Pay Peri	ods during
the Class Period a	nd you worked	PAGA Pay Periods during the	PAGA Period. If you believ	ve that you
worked more Pay	Periods during the Class Pe	eriod and/or more PAGA Pay Perio	ods during the PAGA Perio	d, you can
submit a challenge	e by the deadline date. See Se	ection 4 of this Notice.	<u> </u>	•
•	*			

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 Plaintiffs and Plaintiffs' attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires the Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against the Defendant.

If you worked for the Defendant during the Class Period and/or the PAGA Period, you have the following options:

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

<b>Do Nothing</b> If you do nothing, you will be a Participating Class Member, eligible for	
	Individual Class Payment and an Individual PAGA Payment (if any). In
	exchange, you will give up your right to assert the wage claims against the
	Defendant that are covered by this Settlement (Released Class Claims).

Opt-Out of the Class Settlement but not the	If you don't want to fully participate in the proposed Settlement, you can optout of the Class Settlement by sending the Administrator a written Request
PAGA Settlement  The Opt-out Deadline is	for Exclusion. If you choose to opt-out, then you will not receive any benefits under the Settlement nor will you release any of the Released Class Claims against Defendant. If you qualify as an Aggrieved Employee, however, then you will still receive an Individual PAGA Payment even if you choose to opt-out of the Class Settlement.
Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by	If you wish to object to the Class Settlement, then you must write to the Administrator about why you object. This option is available only to Class Members who do not submit a valid and timely Request for Exclusion ("Participating Class Members").
Challenge the Calculation of Your Pay Periods/PAGA Pay Periods  Written Challenges Must be Submitted by	If you wish to contest or dispute the number of pay periods you worked for Defendant for at last one day during the Class Period ("Pay Periods") or the number of pay periods you worked for Defendant for at least one day during the PAGA Period ("PAGA Pay Periods") listed in this Notice, then you must write to the Administrator about why you dispute the number and provide supporting documentation that you possess to support your dispute.

Southern Tire Mart, LLC will not retaliate against you for any actions you take with respect to the proposed Settlement.

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

Plaintiffs are former employees of Defendant. The Action accuses the Defendant of violating California labor laws by failing to pay overtime wages, minimum wages, wages due during employment and upon termination, and reimbursable expenses, and failing to provide meal periods, rest breaks, and accurate itemized wage statements. Based on the same claims, Plaintiffs have also asserted a claim for civil penalties under PAGA.

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

So far, the Court has made no determination whether the Defendant or Plaintiffs are correct on the merits. In the meantime, Plaintiffs and the Defendant participated in a Mandatory Settlement Conference to resolve the Action by negotiating an to 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, Plaintiffs and the Defendant have negotiated a proposed Settlement that is subject to the Court's Final Approval Order and Judgment. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, the Defendant does not admit any violations or concede the merit of any claims.

Plaintiffs and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) the Defendant 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) the 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?

- a. The Defendant will pay \$1,075,000.00 as the "Gross Settlement Amount." The Defendant has agreed to deposit the Gross Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. Assuming the Court grants Final Approval, the Defendant will fund the Gross Settlement Amount no later than 5 business days after the Effective Date. The Effective Date means 5 calendar days after the period for filing any appeal, writ, or other appellate proceeding opposing the Final Approval Order and Judgment has elapsed without any appeal, writ, or other appellate proceeding having been filed.
- b. <u>Court Approved Deductions from Gross Settlement Amount</u>. At the Final Approval Hearing, Plaintiffs and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement Amount, the amounts of which will be decided by the Court at the Final Approval Hearing:
  - i. Up to 1/3 of the Gross Settlement Amount plus the total amount of "Pick-Up Stix" payments made to California employees by Defendant (i.e., \$361,461.01) to Class Counsel for attorneys' fees, which is currently estimated to be \$478,820.34, and up to \$40,000.00. for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
  - ii. Up to \$15,000.00 to Plaintiff Ruiz and \$10,000.00 to Plaintiff Nisbet (\$25,000.00 in total), as Class Representative Service Payments for litigating the Action, working with Class Counsel, and representing the Class. Class Representative Service Payments will be the only monies Plaintiffs will receive other than Plaintiffs' Individual Class Payments and any Individual PAGA Payments.
  - iii. Up to \$25,000.00 to the Administrator for services administering the Settlement.
  - iv. Up to \$50,000.00 for PAGA Penalties, allocated 75% to the LWDA and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Pay Periods worked during the PAGA Period.

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

- c. <u>Net Settlement Amount Distributed to Class Members</u>. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement Amount (the "Net Settlement Amount") by making Individual Class Payments to Participating Class Members based on their Pay Periods worked during the Class Period.
- d. Taxes Owed on Payments to Class Members. The Settlement shall be broken down as follows: 20% of each Individual Class Payment to taxable wages ("Wage Portion") and 80% to penalties and interest ("Non-Wage Portion"). The Wage Portion is subject to withholding and will be reported on IRS W-2 Forms. The Defendant 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 Plaintiffs and the Defendant 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.

e. 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 Division in your name. If the monies represented by your check are sent to the Controller's Unclaimed Property Division, you should consult the rules of the Division for instructions on how to retrieve your money.

- f. 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 to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and the Defendant have agreed that, in either case, the Settlement will be void: the Defendant will not pay any money and Class Members will not release any claims against the Defendant.
- g. <u>Administrator</u>. The Court has appointed a neutral company, ILYM Group, Inc. (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion and written objections. The Administrator will also decide Class Member challenges over Pay Periods and/or PAGA Pay Periods, 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.
- h. Participating Class Members' Release. Upon entry of the Final Approval Order and Judgment and date Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Participating Class Members will release the Released Class Claims against the Released Parties. 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 the Defendant or related entities for wages based on the Class Period facts 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 the Released Parties from the class claims, which were alleged or which could have been reasonably alleged based on the factual allegations in the Operative Complaints, arising during the Class Period, which include claims for unpaid wages including minimum, regular, and overtime wages (Cal. Lab. Code §§ 204, 210, 510, 516, 1182.12, 558, 1194, 1197, 1197.1, 1198, 1199; and the applicable Wage Order); non-compliant meal periods and any unpaid meal premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); noncompliant rest breaks and any unpaid rest break premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); improper deductions (Lab. Code § 221); failing to timely pay wages including vacation wages and paid sick leave (to the extent based on miscalculation of the regular rate of pay) (Lab. Code §§ 201-204, 227.3 non-compliant wage statements (Lab. Code §§ 226, 226.3); failure to reimburse business expenses (Lab. Code §§ 2800 and 2802); unfair competition or unlawful or fraudulent business practices (Bus. & Prof. Code § 17200 et seg.) arising from the Labor Code violations released herein; failure to maintain accurate records (Lab. Code § 1174, 1174.5, and applicable Wage Order); claims for statutory penalties based on the same or similar facts alleged in the Operative Complaint (except for PAGA penalties, which are separately released hereinbelow); and claims for interest, penalties (including but not limited to waiting time penalties at Lab. Code §§ 201-204), premiums, injunctive relief, declaratory relief, or restitution in connection with any of the preceding claims (collectively, "Released Class Claims"). Except as set forth below, Participating Class Members do not release any other claims, including claims 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.

Aggrieved Employees' Release. Upon entry of the Final Approval Order and Judgment and date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Aggrieved Employees will release the Released PAGA Claims against the Released Parties, whether or not they exclude themselves from the Class 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 the Defendant or related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The Aggrieved Employees will be bound by the following release:

All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from any claims for civil penalties under PAGA, which were alleged or which could have been reasonably alleged based on the factual allegations in the PAGA Notice and Operative Complaint, arising during the PAGA Period, which include any claims for unpaid minimum, regular, overtime, regular rate (Cal. Lab. Code §§ 204, 210, 510, 558, 1182.12, 1194, 1197, 1197.1, 1198, and applicable Wage Order); non-compliant meal periods and any unpaid meal premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); noncompliant rest breaks and any unpaid rest break premiums (Lab. Code §§ 210, 512, 226.7, and applicable Wage Order); failing to timely pay wages; (Lab. Code §§ 201-204, 227.3, 245-249); non-compliant wage statements (Lab. Code § 226); failure to reimburse business expenses (Lab. Code §§ 2800, 2802); improper deductions (Lab. Code § 221); failure to maintain accurate records (Lab. Code § 1174, 1174.5, and applicable Wage Order); and claims for interest, penalties (including waiting time penalties at Lab. Code §§ 201-204), or premiums in connection with any of the preceding claims as well as any claims for PAGA penalties arising from violations of the California Labor Code, California Industrial Welfare Commission's Wage Orders, or the California Code of Regulations, that were alleged or which could have been alleged under the same or similar facts in the PAGA Notice and Operative Complaint. The Released PAGA Claims apply to Aggrieved Employees who 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 for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the PAGA Notice and Operative Complaint that occurred during the PAGA Period.

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

- a. <u>Individual Class Payments</u>. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Pay Periods worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Pay Periods.
- b. <u>Individual PAGA Payments</u>. The Administrator will calculate Individual PAGA Payments by (a) dividing \$12,500.00 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.
- c. Pay Period/PAGA Pay Period Challenges. The number of Pay Periods you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in the Defendant's records, are stated in the first page of this Notice. You have until \_\_\_\_\_\_\_ to challenge the number of Pay Periods and/or PAGA Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail. 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 the Defendant's calculation of Pay Periods and/or PAGA Pay Periods based on the Defendant'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 Pay Period and/or PAGA Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and the Defendant's counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

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

a. 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.

b. <u>Non-Participating Class Members</u>. 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 in 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?

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 Defendant based on the PAGA Period facts alleged in the Action.

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

A Participating Class Member who disagrees with any aspect of the Class Settlement, the Motion for Final Approval, and/or Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payments may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiffs 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 as *Ruiz v. Southern Tire Mart, LLC, et al.*, Los Angeles County Superior Court Case Number 24STCV12037 and include your full name, signature, address, email address or telephone number, and last four digits of your social security number for verification purposes. 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?

Los Angeles Superior Court, located at \_\_\_\_\_\_\_, 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 Amount will be paid to Class Counsel, Plaintiffs, and the Administrator. The Court will invite comments 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 the Defendant and Plaintiffs 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 the Administrator's You can also telephone or send an email to Class Counsel or the Administrator using the contact website at information below or consult Superior Court website listed the by http://www.lacourt.org/casesummary/ui/index.aspx) and entering the Case Number for the Action, Case No. 24STCV12037. 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:

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Name of Attorney: Joshua S. Falakassa Email Address: josh@falakassalaw.com Name of Firm: Falakassa Law, P.C.

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Telephone: (818) 456-6168

#### Administrator:

Name of Company: ILYM Group, Inc.

Email Address: Mailing Address: Telephone:

#### 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 your check is already void you should consult the Unclaimed Property Division for instructions on how to retrieve the funds.

#### 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.