CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

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#### CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement ("Settlement Agreement") is made by and between Plaintiffs RUDY VASQUEZ and IVAN FUENTES ("Plaintiffs") and Defendant PARAGON FRAMING INC ("Defendant") (Plaintiffs and Defendant collectively referred to as the "Parties").

#### 1. **DEFINITIONS.**

- 1.1. "Action" means the Plaintiffs' lawsuit alleging wage and hour violations against Defendant captioned *Rudy Vasquez and Ivan Fuentes v. Paragon Framing, Inc.*, Case No.: CVRI2402378, initiated on April 30, 2024 and pending in the Superior Court of the State of California, County of Riverside.
- 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" means all current and former piece-rate and hourly-paid employees of Defendant in California employed during the PAGA Period.
- 1.5. "Class" means all current and former piece-rate and hourly-paid employees of Defendant in California employed during the Class Period.
- 1.6. "Class Counsel" means Moon Law Group, PC.
- 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 Defendant'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 ("NCOA") 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 in the form, without material variation unless otherwise agreed by the Parties, attached as **Exhibit A** and incorporated by reference into this Agreement. The Parties, through counsel, may agree to modifications to the Class Notice required to correct errors or effectuate changes required by the Court without the need to amend this Agreement, and the revised Class Notice shall be incorporated herein in place of the original **Exhibit A**.
- 1.12. "Class Period" means the period from April 30, 2020, through June 30, 2025.
- 1.13. "Class Representative" means the named Plaintiffs in the Operative Complaint in the Action seeking Court approval to serve as a Class Representatives.
- 1.14. "Class Representative Enhancement Payment(s)" means the payment 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 Riverside.
- 1.16. "Defendant" means named Defendant Paragon Framing Inc.
- 1.17. "Defense Counsel" means Lillis Pitha 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 Member objects to the Settlement, the day after the deadline for filing a notice for appeal from the Judgment; or if a timely appeal from the

Exclusion.

email, or mail his or her Objection to the Settlement. The Response Deadline for Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall be extended by 14 calendar days beyond the original Response Deadline.

- 1.42. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.
- 1.43. "Workweek" means any week during which a Class Member worked for Defendant at least one day, during the Class Period.

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

- 2.1. On April 30, 2024, Plaintiffs commenced this Action by filing a Complaint alleging causes of action against Defendant for (1) Failure to Pay Minimum Wages (Cal. Lab. Code §§ 204,1194, 1194.2, and 1197); (2) Failure to Pay Overtime Compensation (Cal. Lab. Code §§ 1194 and 1198); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Breaks (Cal. Lab. Code §§ 226.7); (5) Failure to Indemnify Necessary Business Expenses (Cal. Lab. Code §2802); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); and (8) Unfair Business Practices (Cal. Bus. & Prof. Code § 17200, et seq.). On October 10, 2024, Plaintiffs filed a First Amended Complaint against Defendant adding a cause of action for civil penalties under PAGA (the "Operative Complaint"). 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.
- 2.2. Pursuant to Labor Code § 2699.3(a), Plaintiffs gave written notice to Defendant and the LWDA by sending a PAGA Notice.
- 2.3. On March 21, 2025, the Parties participated in an all-day mediation presided over by experienced wage and hour mediator, Lisa Klerman, Esq, which culminated in an agreement to settle this Action thereafter.
- 2.4. Prior to mediation, Plaintiffs obtained, through informal discovery, electronic time and pay records, policy documents, and data about the class. Plaintiffs' investigation was sufficient

to satisfy the criteria for court approval set forth in *Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794, 1801 (1996), and *Kullar v. Foot Locker Retail, Inc.*, 168 Cal. App. 4th 116, 129-130 (2008) ("*Dunk/Kullar*").

- 2.5. The Court has not granted class certification.
- 2.6. The Parties, Class Counsel, and Defense Counsel believe that this Settlement will extinguish the claims asserted in *Rivera, an individual and on behalf of all others similarly situated v. Paragon Framing Inc.*, Riverside County Superior Court Case No. CVRI2407186.

### 3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendant promises to pay \$1,300,000.00 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. 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. 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 Plaintiffs: Class Representative Enhancement Payments to the Class Representatives of not more than \$10,000.00 per Plaintiff (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representatives are entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiffs' request for a Class Representative Enhancement Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Enhancement Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves Class Representative

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Enhancement Payments less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Enhancement Payment using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Enhancement Payments.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 33 and 1/3 % of the Gross Settlement Amount, which is currently estimated to be \$433,333.33 and a Class Counsel Litigation Expenses Payment of not more than \$30,000.00. Defendant will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiffs 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 Plaintiffs' Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. 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 \$30,000.00 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 \$30,000.00, the Administrator will retain the remainder in the Net Settlement Amount.

- 3.2.4. <u>To Each Participating Class Member</u>: 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. 10% 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. The 90% 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 Workweeks of Non-Participating Class

    Members are not included in the calculation of payments to Participating

    Class Members and therefor have no effect on the calculation of Individual

    Class Payments paid from the Net Settlement Amount.
- 3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$75,000.00 to be paid from the Gross Settlement Amount, with 75% (\$56,250.00) allocated to the LWDA PAGA Payment and 25% (\$18,750.00) 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 (\$18,750.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the

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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-MISC Forms.

#### 4. <u>SETTLEMENT FUNDING AND PAYMENTS.</u>

- 4.1. <u>Class Workweeks and Aggrieved Employee Pay Periods</u>. Based on a review of its records as of the date of April 27, 2025, Defendant estimates there are 4,474 Class Members who collectively worked a total of 141,903 Workweeks during the Class Period, and approximately 2,957 Aggrieved Employees who worked a total of 64,729 PAGA Pay Periods during the PAGA Period.
- 4.2. <u>Class Data</u>. Not later than 21 days after the Court grants Preliminary Approval of the Settlement, Defendant will 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. 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 deposit into a Qualified Settlement Fund established by the Settlement Administrator the Gross Settlement Amount with a first payment of \$650,000.00 on or before 30 calendar days after the Effective Date and a second

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payment of \$650,000.00 on or before December 1, 2026. The Parties agree that the Settlement Administrator shall begin distributing settlement payments on a rolling basis as each installment payment is received from Defendant. The Administrator is authorized to issue partial distributions in accordance with the proportionate share of the Gross Settlement Amount received, and shall continue to make subsequent distributions as additional funds are received, until the entire Gross Settlement Amount has been distributed.

- 4.4. Payments from the Gross Settlement Amount. Within seven (7) calendar days of each installment payment by Defendant of 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 Enhancement Payments. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Enhancement 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 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 NCOA database.

- 4.4.2. <u>Administration of Taxes by the Settlement Administrator.</u> The Settlement Administrator will be responsible for issuing to Plaintiffs, Participating Class Members, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes and penalties to the appropriate government authorities.
- 4.4.3. Tax Liability. Defendant makes no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiffs and Participating Class Members are not relying on any statement, representation, or calculation by Defendant or by the Settlement Administrator in this regard. Plaintiffs and Participating Class Members understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein. Defendant's share of any employer payroll taxes and other required employer withholdings due on the Individual Settlement Payments, including, but not limited to, Defendant's FICA and FUTA contributions, shall be paid separate and apart from the Gross Settlement Amount.
- 4.4.4. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without a United States Postal Service ("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.
- 4.4.5. 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

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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 § 384(b).

The payment of Individual Class Payments and Individual PAGA Payments shall 4.4.6. 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.

#### 5. RELEASES OF CLAIMS.

Effective on the 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, and the Court enters a Judgment on its order granting final approval of the Settlement, Plaintiffs, Class Members, and Class Counsel will release claims against all Released Parties as follows:

#### 5.1. Plaintiffs' Release.

- 5.1.1. Scope of Plaintiffs' Release. Plaintiffs and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from any and all claims, rights, demands, liabilities, and causes of action, whether known or unknown, arising from, or related to the Plaintiffs' employment with or separation from Defendant through the Release Period, including a California Civil Code Section 1542 waiver.
- 5.1.2. Plaintiffs' Waiver of Rights Under California Civil Code § 1542. For purposes of 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: The claims to be released by the Settlement Class Members as to the Released Parties include all claims under state, federal, and local law arising out of or related to the claims expressly pleaded in the Operative Complaint and all

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other claims, such as those under the California Labor Code, Wage Orders, regulations, and/or other provisions of law, that could have been asserted based on the facts pleaded in the Operative Complaint for: (1) failure to pay minimum wages under Labor Code Sec. 1194, et seq.; (2) failure to pay overtime wages under Labor Code Sec. 510, 1198; (3) failure to provide meal periods and/or pay meal period premiums under Labor Code Sec. 226.7, 512; (4) failure to provide rest periods and/or pay rest period premiums under Labor Code Sec. 226.7; (5) failure to reimburse business expenses under Labor Code Sec. 2800, 2802; (6) failure to timely pay wages upon termination under Labor Code Sec. 203; (7) failure to provide accurate, itemized wage statements under Labor Code Sec. 226; (8) violation of California's unfair competition law under Business and Professions Code Sec. 17200; (9) civil penalties under PAGA (Cal. Lab. Code Sec. 2699).

Plaintiffs, the LWDA, and the State of California are for civil penalties under PAGA, based upon all claims that were pled in the Action arising under PAGA, but only to the extent that the claims were properly asserted in Plaintiffs' April 28 and 30, 2024 PAGA Notices to the LWDA and the Operative Complaint. In particular, and in line with the holding of *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), because Plaintiffs' action under PAGA functions as a substitute for an action by the government itself, any judgment will be binding not only on the Plaintiffs but also on government agencies and any other Aggrieved Employee not a party to the proceeding. Thus, nonparty employees who are Aggrieved Employees cannot sue to recover additional civil penalties for the same Labor Code violations released (but, provided they choose to opt out of this settlement and properly and timely follow the process for doing so as Non-Participating Class Members, may sue for damages or other remedies for the same alleged violations). All claims set forth above in Section 5.2 and/or in this Section 5.3 are referred to herein as the "Released Claims."

#### 6. MOTION FOR PRELIMINARY APPROVAL.

Plaintiffs agree to prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for preliminary approvals, to the extent the Court maintains

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such a checklist.

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6.1. <u>Defendant's Declaration in Support of Preliminary Approval</u>. The Parties, Class Counsel, and Defense Counsel believe that this Settlement will extinguish the claims asserted in *Rivera, an individual and on behalf of all others similarly situated v. Paragon Framing Inc.*, Riverside County Superior Court Case No. CIVRI2407186. If other actions are filed between the execution of this Agreement and the filing of the Motion for Preliminary Approval and become known to Defendant and/or Defense Counsel, Defense Counsel will advise Class Counsel.

Plaintiffs' Responsibilities. Plaintiffs will prepare and file 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 Settlement under Labor Code § 2699(l)(2)); (ii) a draft proposed order granting preliminary approval and approval of the 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 Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members or the Administrator; and, (vi) a signed declaration from Class Counsel attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents and, all facts relevant to any actual or potential conflict of interest with Class Members or the Administrator. Class Counsel shall aver that this Settlement will extinguish the claims asserted in *Rivera*, an individual and on behalf of all others similarly situated v. Paragon Framing Inc., Riverside County Superior Court Case No. CIVRI2407186 and disclose the existence of any such

- other pending matters. Alternatively, if such other actions are filed between the execution of this Agreement and the filing of the Motion for Preliminary Approval and become known to Class Counsel, Class Counsel will advise Defense Counsel.
- 6.3. Responsibilities of Counsel. Class Counsel are responsible for expeditiously finalizing and filing the Motion for Preliminary Approval; 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 Order to the Administrator.
- 6.4. <u>Duty to Cooperate</u>. 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 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.
- 7.2. 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.
- 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 § 468B-1.
- 7.4. Notice to Class Members.

- 7.4.1. No later than 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, Workweeks, and 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 USPS mail, the Class Notice 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 each Individual Class Payment and/or Individual PAGA Payment payable to the Class Member and/or Aggrieved Employee, 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 NCOA database.
- 7.4.3. 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.
- 7.4.4. The deadlines for Class Members' written objections, challenges to Workweeks and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notices are remailed. 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 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

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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.

to include them as Class Members. If the Parties agree, such persons will be Class

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

- 7.5.1. Class Members who wish to exclude themselves (opt-out of) the Class portion of the Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is remailed). 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 Class portion of 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.
- 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, except as may be required by the Court. If the Court requests a review, the Administrator will promptly provide the relevant information.
- 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 Participating Class Members' 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 Calculation of Workweeks. Each Class Member shall have 45 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. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide to Defense Counsel and Class Counsel copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods and the Administrator's determination of 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 requested for the Class Counsel Fees Payment, Class

- Counsel Litigation Expenses Payment and/or Class Representative Enhancement Payments.
- 7.7.2. 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 45 days after the Administrator's mailing of the Class Notice (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.
  - 7.8.1. 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 Order, the Class Notice, the motion for final approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Enhancement Payments, the Final Approval Order 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.
  - 7.8.2. 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).

- 7.8.3. 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, and challenges to Workweeks and/or PAGA Pay Periods received and/or resolved ("Weekly Report"). The Weekly Reports must include the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received. In addition to the Weekly Reports, the Administrator shall report to the Parties when it has completed the initial distribution of the Individual Class Payments and Individual PAGA Payments to all individuals with valid addresses.
- 7.8.4. 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 PAGA Pay Periods. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge, except as may be required by the Court. If the Court requests a review, the Administrator will promptly provide the relevant information
- 7.8.5. Administrator's Declaration. Not later than 14 days before the date by which Plaintiffs are 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

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# 8. ESCALATOR CLAUSE

7.8.6.

Based on a review of its records, Defendant represents that there are approximately 130,000 workweeks during the period from April 30, 2020, to March 21, 2025. Should the number of workweeks increase more than 10% (i.e., exceed 143,000) from the period of April 30, 2020, to June 30, 2025, Defendant, at its sole discretion, may either increase the GSA proportionally thereafter (for example, if the number of workweeks is 11% higher than 130,000, then the GSA will increase by 1%; if the number of workweeks is 12% higher than 130,000, then the GSA will increase by 2%; if the number of workweeks is 13% higher than 130,000, then the GSA will increase by 3%; and so on), or shorten the Class Period such that it ends on the date that the number of workweeks reaches 143,000 and with no increase in the GSA.

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

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

responsible for filing the Administrator's declaration(s) in Court.

# 9. <u>DEFENDANT'S RIGHT TO WITHDRAW.</u>

in Court.

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 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,

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Defendant will remain responsible for paying all Settlement administration expenses incurred to that point.

Defendant must notify Class Counsel and the Court of its election to withdraw not later than seven 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 this Settlement under Labor Code § 2699(*l*), a Proposed final approval order and a proposed Judgment (collectively "Motion for Final Approval").

- 10.1. 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 that five 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 Enhancement 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. <u>Continuing Jurisdiction of the Court</u>. 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.
- 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 Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the

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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.

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 Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Enhancement 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.

#### 11. AMENDED JUDGMENT.

If any amended judgment is required under Code of Civil Procedure § 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

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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, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Action, 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 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).

Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant and 12.2. 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. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoenal 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, with any 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 subparagraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members. In addition, this subparagraph does not restrict Defense Counsel's ability to communicate with counsel in related lawsuits about

this Agreement.

- 12.3. 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 subparagraph 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 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.
- 12.7. 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.
- 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 Settlement 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 all Parties or their representatives, 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 Evidence Code § 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant 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, 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 destruction, of 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. 1 12.16. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be 2 3 to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or California state legal holiday, such date or deadline shall be on the first business 4 5 day thereafter. 12.17. Notice. All notices, demands or other communications between the Parties in connection 6 7 with this Agreement will be in writing and deemed to have been duly given as of the third 8 business day after mailing by United States mail, or the day sent by email or messenger, 9 addressed as follows: To Plaintiffs: 10 11 Kane Moon kmoon@moonlawgroup.com Lilit Ter-Astvatsatryan 12 lilit@moonlawgroup.com 13 Nichelle Christopherson nchristopherson@moonlawgroup.com MOON LAW GROUP, PC 14 725 S. Figueroa St., 31st Floor Los Angeles, California 90017 15 Telephone: (213) 232-3128 Facsimile: (213) 232-3125 16 To Defendant: 17 18 Martin L. Pitha LILLIS PITHA LLP 19 4100 Newport Place Drive, Suite 800 Newport Beach, California 92660 20 Telephone: (949) 209-9021 Facsimile: (949) 759-1845 21 Email: mpitha@lp-lawyers.com 22 12.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts 23 by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement 24 shall be accepted as an original. All executed counterparts and each of them will be deemed 25 to be one and the same instrument if counsel for the Parties will exchange between 26 themselves signed counterparts. Any executed counterpart will be admissible in evidence to 27 prove the existence and contents of this Agreement. 28

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CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

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shall be stayed, except to a upon the signing of this Ag	rties agree that upon the execution of this Agreement the litigation effectuate the terms of this Agreement. The Parties further agree, greement, pursuant to Code of Civil Procedure § 583.330 to extend rial under Code of Civil Procedure § 583.310 for the entire period
upon the signing of this Ag	greement, pursuant to Code of Civil Procedure § 583.330 to extend
the date to bring a case to	•
	rial under Code of Civil Procedure § 583.310 for the entire period
of this settlement process.	
Plaintiff & Class Representative:	
Dated:	By:Rudy Vasquez
Plaintiff & Class Representative:	Rudy Vasquez
Dated:	Ву:
	Ivan Fuentes
Plaintiffs' Counsel – As to Form Only:	
Dated:	MOON LAW GROUP, PC
	D.
	By:Kane Moon
	Lilit Ter-Astvatsatryan Nichelle Christopherson
	Attorneys for Plaintiffs
Defendant:	
Dated: 6 12 25	Paragon Framing Inc
	By: Angela Hoppe
	Print Name
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	Signature
	Proside +
	Title
Defendant's Council As to Four Oak	
June 13, 2025	LILLIS PITHA LLP
Case No.: CVRI2402378 CLASS ACTION AN	Page 28 Vasquez, et al. v. Paragon Framing, Inc.  ND PAGA SETTLEMENT AGREEMENT
The state of the s	Dated: Plaintiff & Class Representative: Dated:  Plaintiffs' Counsel – As to Form Only: Dated:  Defendant: Dated: \( \( \) \(

By:

Martin L. Pitha Attorneys for Defendant