

## Class and PAGA Action Settlement Notice

**A federal court authorized this notice. This is not a solicitation from a lawyer.**

**Why am I receiving this?** On December 19, 2022, the Court in this action granted preliminary approval of a proposed settlement as set forth in the Settlement Agreement, available at [www.ilymgroup.com/Hearst](http://www.ilymgroup.com/Hearst), concerning the lawsuit noted above (the “Lawsuit”). You are receiving this notice because Hearst’s records show that you are one of the Settlement Class Members eligible to participate in the Settlement process.

**Who are the Settlement Class Members?** Settlement Class Members means all persons who have entered into written contracts with Hearst solely pursuant to a home delivery agreement in the State of California regarding newspapers, including, but not limited to, the *San Francisco Chronicle*, at any time from July 27, 2016, through December 19, 2022, and who do not submit a timely and valid Opt-Out.

**What is the Lawsuit about?** Plaintiffs, on behalf of the proposed class, filed a class action lawsuit against Hearst, alleging that Hearst misclassified Settlement Class Members as independent contractors instead of employees, failed to pay Settlement Class Members for all hours worked, failed to compensate Settlement Class Members for rest and recovery periods and other non-productive time, failed to provide Settlement Class Members with meal periods and rest periods, failed to provide Class Members with minimum and overtime wages, failed to maintain accurate and complete records, failed to provide Settlement Class Members with accurate, itemized wage statements, failed to reimburse Settlement Class Members for business expenses, and committed unlawful business acts and practices through the aforementioned violations. The Lawsuit covers the period from July 27, 2016, through December 19, 2022. Plaintiffs also seek penalties under the Private Attorneys General Act (“PAGA”) for the same wage and hour violations alleged in connection with the class action claims. The PAGA claim covers the period from September 2, 2019, through December 19, 2022.

**What is the Settlement?** The Plaintiffs and Hearst (collectively, “the Parties”) have agreed to settle the Lawsuit for a payment by Hearst of \$950,000.00.

**What is this notice?** This notice only summarizes the Settlement. For more information, visit [www.ilymgroup.com/Hearst](http://www.ilymgroup.com/Hearst).

Your legal rights are affected whether you act or do not act.

Read this notice carefully.

<b>Summary of Your Legal Rights and Options</b>	
<b>Obtaining a payment under the Settlement</b>	<b>To receive a payment under the Settlement, you do not need to take any action.</b> You will be a member of the class and your rights will be represented by counsel for Plaintiffs. You will be bound by the result in the Lawsuit. You will not be allowed to bring your own case for the claims alleged in this Lawsuit as described above and you will give up your right to be part of any other case against Hearst about the claims being resolved by this Settlement.
<b>Exclude yourself from the Settlement (“opt out”)</b>	Get no payment. Keep any rights to bring or join a case against Hearst about the claims being resolved by this Settlement, except that you will still not be able to bring or participate in a PAGA action against Hearst for the claims resolved by this Settlement. You will lose the ability to recover any monetary payment under the Settlement, except that you will still receive a share of the PAGA penalties under the Settlement. If you opt out, you will not be represented by counsel for Plaintiffs. You will be responsible for getting your own lawyer if you opt out.
<b>Object to the Settlement</b>	Write to the Court about why you do not like the Settlement, to help the Court decide whether to approve the Settlement. The Court cannot order that you receive more money from the Settlement even if it agrees with you.
<b>Do nothing</b>	If you do nothing, you will get a payment under the Settlement, <b>and you will release your claims that are covered by the Settlement and give up your right to assert those claims.</b>

These rights and options—**and the deadlines to exercise them**—are explained in this notice.

The Court has not yet decided whether to finally approve the Settlement. Payments will be made only if the Court approves the Settlement and after appeals, if any, are resolved. Please be patient.

## What This Notice Contains

BASIC INFORMATION .....	4-5
1. Why did I get this notice package? .....	4
2. What is this lawsuit about? .....	4
3. Why is this a class and collective action? .....	4-5
4. Why is there a settlement? .....	5
WHO IS IN THE SETTLEMENT .....	5
5. Who is included in the Settlement? .....	5
THE SETTLEMENT BENEFITS—WHAT YOU GET .....	5-6
6. What does the Settlement provide? .....	5-6
7. What can I get from the Settlement? .....	6
HOW YOU GET A PAYMENT .....	6
8. When would I get my payment? .....	6
RELEASE AGREEMENT .....	6-7
9. What am I giving up to get a payment? .....	6-7
THE LAWYERS REPRESENTING YOU .....	7
10. Do I have a lawyer in this case? .....	7
11. How will Class Counsel and Class Representatives be paid? .....	7
EXCLUDING YOURSELF FROM THE SETTLEMENT .....	8-8
12. What does excluding yourself from the Settlement mean? .....	8
13. How do I get out of the Settlement? .....	8
14. If I exclude myself, can I get money from this Settlement? .....	8
OBJECTING TO THE SETTLEMENT .....	8
15. What does objecting to the Settlement mean? .....	8
16. How do I tell the Court that I do not like the Settlement? .....	8-9
17. What’s the difference between objecting and excluding? .....	9
THE COURT’S FINAL APPROVAL HEARING .....	9
18. When and where will the Court decide whether to approve the Settlement? .....	9
19. Do I have to come to the hearing? .....	9
20. May I speak at the hearing? .....	9
IF YOU DO NOTHING .....	10
21. What happens if I do nothing at all? .....	10
GETTING MORE INFORMATION .....	10
22. Are there more details about the Settlement? .....	10

## **Basic Information**

### **1. Why did I get this notice package?**

The purpose of this notice is to let you know that the Parties in the case have reached a Settlement, subject to Court approval in the class and PAGA action known as *Sanchez, et al. v. Hearst Communications, Inc.*, Case No. 3:20-cv-05147-VC, pending in the United States District Court for the Northern District of California (the “Lawsuit”). You have received this notice because:

Hearst’s records show that you entered into a home delivery agreement regarding newspapers with Hearst in the State of California between July 27, 2016, through December 19, 2022.

The Court authorized that you be sent this notice because you have a right to know about the proposed Settlement of the Lawsuit, and about your options, before the Court decides whether to grant final approval of the Settlement. If the Court approves it and after any objections and appeals are resolved, a third-party administrator appointed by the Court will make the payments that the Settlement allows. This notice provides you with instructions on the options available to you under the Settlement.

### **2. What is this lawsuit about?**

In the Lawsuit, Plaintiffs allege that Hearst misclassified Settlement Class Members as independent contractors instead of employees, failed to pay Settlement Class Members for all hours worked, failed to compensate Settlement Class Members for rest and recovery periods and other non-productive time, failed to provide Settlement Class Members with meal periods and rest periods, failed to provide Settlement Class Members with minimum and overtime wages, failed to maintain accurate and complete records, failed to provide Settlement Class Members with accurate, itemized wage statements, failed to reimburse Settlement Class Members for business expenses, and committed unlawful business acts and practices through the aforementioned violations. Plaintiffs also seek penalties under the Private Attorneys General Act (“PAGA”) for the same wage and hour violations alleged in connection with the class action claims.

Hearst denies the allegations in the Lawsuit and contends that they are without foundation or merit, including because the Settlement Class Members freely and lawfully chose to contract with Hearst as independent contractors. Hearst further denies and continues to deny that it is liable or owes damages, penalties, interest, attorneys’ fees, costs, or any other compensation or remedies to anyone with respect to the alleged facts or claims asserted in the Lawsuit. Hearst denies any liability or wrongdoing of any kind in connection with Plaintiffs’ claims, and contends that, during all relevant times, it complied with all applicable California law. Hearst also denies that this matter may be certified as a class or representative action under either Rule 23 or PAGA for purposes of trial.

The Court has not addressed the merits of Plaintiffs’ claims, so there has been no ruling that Hearst violated any law or did anything wrong.

### **3. What is a class and PAGA action?**

In a class action, one or more people, called “Class Representatives” (in this case, Pablo Sanchez and Violet Alvarez) sue on behalf of people who allegedly have similar claims. In a class action, all people with similar class claims are called “Class Members.” Class Members do not need to do anything to be part of a class action. Once the Court decides that a case can proceed as a class action (as the Court here has done strictly for purposes of this Settlement), all Class Members are included in the class by default, except for those who exclude themselves (excluding is described in sections 12-14, below). In a class action, the court resolves the issues for all Class Members together in one legal proceeding. Class Members for purposes of this Settlement is defined in section 5, below.

In a PAGA action, a plaintiff sends a letter to the State of California describing the alleged Labor Code violations committed against the workers (“PAGA Members”) by the defendant(s). If the State of California does not opt to pursue the alleged Labor Code violations, the plaintiff is allowed to sue the defendant(s) on behalf of the State of California, him-/herself, and all other PAGA Members. PAGA Members cannot opt out of the settlement of a PAGA action. If the settlement of a PAGA action is approved by the Court, the PAGA Members covered under the PAGA action will have their claims for PAGA penalties released, whether or not the PAGA Members opt out of the Settlement of the class action. The State of California receives 75% of the PAGA penalties, and the PAGA Members receive the other 25%.

The Honorable Vince Chhabria, United States District Judge, is presiding over this class and PAGA action. He decided that this settlement can proceed on a class and PAGA basis.

#### **4. Why is there a settlement?**

The Court did not decide in favor of either party. Instead, both sides agreed to a settlement, which, if approved, brings the Lawsuit to an end. That way, Plaintiffs, Settlement Class Members, PAGA Members, and Hearst avoid the cost, delay, and uncertainty of moving forward in litigation to trial and possible appeals, and the Settlement Class Members and PAGA Members can get compensation and penalties. The Class Representatives and their attorneys (“Class Counsel”) believe that the Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class Members and PAGA Members.

### **Who is in the Settlement**

#### **5. Who is included in the Settlement?**

The Settlement provides benefits to the Settlement Class Members and the PAGA Members.

The Settlement Class Members (also referred to as the “Settlement Class” here and in the Settlement Agreement) are all persons who entered into home delivery agreements with Hearst regarding newspapers, including, but not limited to, the *San Francisco Chronicle*, at any time from July 27, 2016, through December 19, 2022. PAGA Members are all persons who entered into home delivery agreements with Hearst regarding newspapers, including, but not limited to, the *San Francisco Chronicle*, at any time from September 2, 2019, through December 19, 2022.

Together, these individuals are referred to as the “Covered Individuals.”

### **The Settlement Benefits—What You Get**

#### **6. What does the Settlement provide?**

**Monetary relief.** Hearst has agreed to pay \$950,000 to settle the claims of Covered Individuals. Each Covered Individual who does not opt out of the class action portion of the Settlement will get a share of the \$950,000 paid by Hearst.

Settlement Class Members will receive money from the Settlement fund in proportion to the total compensation they received from Hearst from July 27, 2016, through December 19, 2022. PAGA Members will receive money from the Settlement fund – \$30,000 of which is allocated for payments to PAGA Members – in proportion to the number of pay periods they were under contract with Hearst from September 2, 2019 to December 19, 2022.

**Tax treatment of awards.** The Settlement Agreement allocates how payments made to you under this Settlement should be treated for tax purposes. Accordingly, payments to Covered Individuals are allocated for tax purposes on an IRS form 1099. You will be responsible for correctly reporting this for tax purposes and for paying any taxes on the amounts received. You will be responsible for the tax obligations and consequences of all payments received from the Settlement. Hearst, Defendants' Counsel, and Class Counsel are not providing tax advice to you, and they make no representations regarding the tax characterization of any Settlement payments or any tax obligations of, or tax consequences to, any Covered Individual.

**Unclaimed funds.** Any unclaimed funds will be given as a *cy pres* donation to the East Bay Community Law Center. East Bay Community Law Center is a Bay Area organization that seeks to address the underlying causes of economic and racial inequality to increase justice.

## 7. What can I get from the Settlement?

Each Covered Individual will receive some money, depending on (a) their compensation received by Hearst in the State of California from July 27, 2016, through December 19, 2022, and (b) their pay periods worked for Hearst from September 2, 2019, through December 19, 2022 for settlement of the PAGA action, and (c) whether the Settlement Class Member opts out of the Settlement.

## How You Get a Payment

### 8. When will I get my payment?

The terms and conditions of this Settlement are subject to Court approval. The Court will hold a hearing on April 20, 2023 at 10:00 a.m., to decide whether to approve the Settlement. If Judge Chhabria approves the Settlement, and there are no appeals, **we estimate that checks will be mailed around May 2023.** However, because it is always possible for there to be unexpected delays or appeals, the payments may be delayed by a year or more, or an appeals court may determine that the payments cannot be made. If the Court does not approve the Settlement, no payment will be distributed to any individual, the entire Settlement will be void and unenforceable, and the Parties shall be restored to the status quo ante, that is, their respective positions that existed in this Lawsuit prior to entering into this Settlement Agreement.

The Settlement Administrator will provide regular updates of the status of the Settlement at [www.ilymgroup.com/Hearst](http://www.ilymgroup.com/Hearst). If your contact information changes, please inform the Settlement Administrator.

## Release Agreement

### 9. What am I giving up to get a payment?

**Release.** Unless you exclude yourself from the Settlement, you are staying in the Settlement Class and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Hearst about the legal issues resolved by this Settlement. It also means that all of the Court's orders will apply to you and legally bind you. If you do not exclude yourself, you are knowingly and voluntarily releasing and waiving the following claims you and your executors, administrators, representatives, agents, heirs, successors, assigns, trustees, spouses, or guardians may have against Hearst Communications, Inc., along with all of its current or former subsidiaries, parents, divisions, affiliates, and predecessors, and all of those entities' current or former insurers, agents, employees, successors, assigns, officers, directors, employees, partners, attorneys, managing agents, attorneys, human resources representatives, payroll representatives, executors, and shareholders, including their respective pension, profit sharing, savings, health, and other employee benefits plans of any nature, the successors of such plans, and those plans' respective current or former trustees and administrators, agents, employees, and

fiduciaries: any and all claims, rights, demands, charges, complaints, causes of action, damages, penalties, interest, attorneys' fees, costs, obligations, or liability of any and every kind from July 26, 2016 to December 19, 2022 that were or could have been asserted in the operative complaint filed in the Action and that are based on or arise out of the identical factual predicate alleged in the operative complaint filed in the Action, including, but not limited to, those for: failure to pay wages, or failure to timely pay wages during employment and at separation of employment, under California Labor Code Sections 201, 202, 203, 204, 210, and 218; failure to pay all wages earned, minimum wages, overtime at the regular rate of pay, non-productive time, and liquidated damages pursuant to California Labor Code Sections 218.6, 510, 1194, 1194.2, 1197, 1197.1, and 1198; failure to provide meal periods and to pay meal period premiums at the regular rate of pay, and failure to authorize and permit rest periods and to pay rest period premiums at the regular rate of pay, under California Labor Code Sections 218, 218.6, 226.7, 510, 512, 1194, 1197, and 1198; failure to maintain required records under California Labor Code Sections 226 and 1174; failure to furnish accurate itemized wage statements under California Labor Code Sections 226 and 226.3; failure to indemnify for necessary business expenditures incurred in discharge of duties under California Labor Code Section 2802; willful misclassification under California Labor Code Sections 218 and 226.8; breach of contract; incorporated or related claims, including for unfair or unlawful business practices, under the California Unfair Competition Law and California Business and Professions Code, Cal. Bus. & Prof. Code §§ 17200 *et seq.*; all PAGA claims seeking civil penalties based on any of the California Labor Code Sections listed above and for any other California Labor Code claims that are or could have been alleged in the Action, under California Labor Code § 2968, *et seq.*; violation of any California Industrial Welfare Commission Wage Order; interest based on any of the claims listed above; and attorneys' fees, expenses, and costs based on any of the claims listed above.

## **The Lawyers Representing You**

### **10. Do I have a lawyer in this case?**

The Court appointed the following attorneys to represent you and the other Covered Individuals: Jahan C. Sagafi and Theanne Liu of Outten & Golden LLP, and Robert Ottinger and Finn Dusenbery of The Ottinger Firm, P.C

Together, these lawyers are called Class Counsel or Plaintiffs' Counsel. You will not be personally charged for these lawyers' work in securing the Settlement benefits for you and the other Covered Individuals. If you want to be represented by your own lawyer, you may hire one at your own expense.

### **11. How will Class Counsel and Class Representatives be paid?**

Class Counsel will ask the Court for attorneys' fees of up to 35% of the \$950,000 Settlement fund and reimbursement of out-of-pocket costs of up to \$40,000, consistent with the terms of the Settlement Agreement. In addition, Class Counsel will apply to the Court for a service award of up to \$15,000 each for Class Representatives Pablo Sanchez and Violet Alvarez. The Class Representatives' service awards are being requested in recognition of the time and effort incurred by them in securing the benefits of this Settlement for you and the other Covered Individuals. The Court will decide whether to approve Class Counsel's and the Class Representatives' requests.

## **Excluding Yourself from the Settlement**

### **12. What does excluding yourself from the Settlement mean?**

If you want to preserve your right to sue Hearst on your own about the legal issues in this case, then you need to take steps to get out. This is called excluding yourself from—or opting out of—the Settlement. You will not be represented by Class Counsel if you opt out.

### **13. How do I get out of the Settlement?**

To exclude yourself from (opt out of) the Settlement and not release any claims, you must send a letter saying that you want to be excluded from the Settlement, and that you understand that you will not receive money from it. You must include your (1) name, address, telephone number and last four digits of your social security number; (2) signature; and (3) a statement that you wish to be excluded from the settlement, such as: “I decline to provide a release of claims and instead elect to exclude myself from the monetary relief provisions in the Settlement in *Sanchez, et al. v. Hearst Communications, Inc.* That means I will not be entitled to any money from the Settlement.”

Your opt-out request must be received or postmarked by March 25, 2023. Opt-out requests should be sent electronically, by mail, or by fax to the Settlement Administrator, whose contact information is listed in section 22.

If you ask to be excluded, you will not get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and the Settlement would not affect any right you might have, if any, to pursue legal action against Hearst on your own.

### **14. If I exclude myself, can I get money from this Settlement?**

If you exclude yourself, you will not receive money from the settlement of the class action, but you will still receive money from the settlement of the PAGA action (because you cannot opt out from the PAGA settlement). You will not be legally bound by anything that happens in this Lawsuit regarding the class action, but you will still be bound by the Settlement regarding the PAGA action (again, because you cannot opt out of it).

## **Objecting to the Settlement**

### **15. What does objecting to the Settlement mean?**

You can tell the Court what you think about the Settlement.

### **16. How do I tell the Court that I do not like the Settlement?**

If you are a Covered Individual, you can object to the Settlement.

The Court cannot order a larger (or smaller, or otherwise different) settlement; it can only approve or deny the Settlement. If the Court denies approval, there will be no settlement at this time, no Settlement payments will be sent out, and the Lawsuit will continue.

Any objection to the proposed Settlement must contain: (1) the objector’s full name, address, and telephone number; (2) a written statement of all specific grounds for the objection (including whether it applies only to the objector, to a specific subset of the class, or to the entire class); and (3) a statement regarding whether



the objector intends to appear at the final approval hearing. If you do not file a timely and complete written objection to the Settlement and notice of your intent to appear at the final approval hearing, or otherwise fail to comply with the requirements for objecting, you shall be foreclosed from objecting to the Settlement and seeking any adjudication or review of the Settlement, by appeal or otherwise. If you submit an objection you remain bound by the Settlement, including the applicable Released Claims provisions, and you may be subject to appear for a deposition, if requested. All written comments and objections and supporting papers must (a) clearly identify the case name and number (as *Sanchez, et al., v. Hearst Communications, Inc.*, Case No. 3:20-cv-05147-VC); (b) be submitted to the Court either by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102, or by filing them in person at any location of the United States District Court for the Northern District of California; and (c) be filed or postmarked on or before March 25, 2023. This deadline for submitting a written objection may be excused on a showing of good cause. Accordingly, an objector may appear in Court to object to the Settlement without filing a written objection upon a showing of good cause. Further, substantial compliance with the requirements herein is sufficient to file an objection.

#### **17. What's the difference between objecting and excluding?**

Objecting is simply telling the Court that you do not like something about the Settlement.

### **The Court's Final Approval Hearing**

The Court will hold a final approval hearing to decide whether to approve the Settlement. You may attend, and you may ask to speak, but you do not have to.

#### **18. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a final approval hearing at April 20, 2023 at 10:00 a.m., at the United States District Court for the Northern District of California, San Francisco Courthouse, located at 450 Golden Gate Avenue, San Francisco, CA 94102, in Courtroom Four on the Seventeenth Floor, before the Honorable Chhabria, United States District Judge. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Chhabria will listen to people who wish to speak at the hearing, if any. The Court may also decide how much to pay Class Counsel and the Class Representatives. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take. The final approval hearing may be postponed without further notice to the Settlement Class. If you plan to attend the hearing, you should check [www.ilymgroup.com/Hearst](http://www.ilymgroup.com/Hearst) or the Court's PACER site at <https://ecf.cand.uscourts.gov> to confirm that the date has not been changed.

#### **19. Do I have to come to the hearing?**

No. Unless you opt out of the Settlement, Class Counsel will represent you and will answer any questions Judge Chhabria may have. But you are welcome to come at your own expense. If you send a comment (including an objection), you do not have to come to Court to talk about it. As long as you submitted it on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

#### **20. May I speak at the hearing?**

You can ask the Court to deny approval by filing an objection. You cannot ask the Court to order a different settlement; the Court can only approve or reject the settlement. If the Court denies approval, no settlement payments will be sent out, and the Lawsuit will continue. If that is what you want to happen, you should object.

Any objection to the proposed settlement must be in writing. If you file a timely written objection, you may, but are not required to, appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for hiring and paying that attorney. All written objections and supporting papers must (a) clearly identify the case name and number (*Sanchez v. Hearst Communications, Inc.*, Case No. 20-cv-05147-VC); (b) be submitted to the Court either by filing them electronically or in person at any location of the United States District Court for the Northern District of California or by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, 450 Golden Gate Ave., San Francisco, CA 94102; and (c) be filed or postmarked on or before March 25, 2023.

You cannot speak about the class Settlement at the hearing if you excluded yourself, because that aspect of the case no longer affects you.

## **If You Do Nothing**

### **21. What happens if I do nothing at all?**

If you do nothing, you will receive a payment under the Settlement. You will also be bound by the result in the Lawsuit. You will not be allowed to bring your own case for the claims alleged in this Lawsuit as described above and you will give up your right to be part of any other case against Hearst about the claims being resolved by this Settlement

## **Getting More Information**

### **22. Are there more details about the Settlement?**

This Notice is intended to be a summary of the terms of the Settlement. The Stipulation of Settlement and Release, Amended Complaints, and this Notice are all available at: <https://ecf.cand.uscourts.gov>

You may also obtain this information by contacting the Settlement Administrator at (888) 250-6810, Class Counsel at Outten & Golden LLP at (415) 638-8800 or at the Ottinger Firm, P.C. at (415) 262-0096, by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California on the sixteenth floor at 450 Golden Gate Avenue, San Francisco, CA 94012, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

**PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.**

By order of the United States District Court for the Northern District of California.

Dated: February 8, 2023