

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

VICTOR PELAEZ, an individual, on behalf of himself
and all others similarly situated;

Plaintiff,

v.

LOS ANGELES RECYCLING CENTER, INC., a
California Corporation; BESTWAY RECYCLING
COMPANY, INC., a California Corporation;
BESTWAY GLOBAL HOLDINGS, INC., a California
Corporation; and DOES 1 through 100,

Defendants.

Case No. 19STCV32260

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED SETTLEMENT**

To: All current and former non-exempt employees of Defendants (1) Los Angeles Recycling Center, Inc., (2) Bestway Recycling Company, Inc., (3) Bestway Global Holdings, Inc., (4) Western Recycling, Inc., and (5) Bestway Recycling of Pomona, Inc., in California at any time from September 11, 2015 through the date of preliminary approval of this Settlement or August 31, 2020, whichever is earlier.

**THIS NOTICE HAS BEEN PROVIDED IN BOTH ENGLISH AND SPANISH
PLEASE READ CAREFULLY**

YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT

**YOU MUST UPDATE THE CLAIMS ADMINISTRATOR REGARDING ANY CHANGES TO YOUR
ADDRESS THROUGH DECEMBER 31, 2021 IF YOU WISH TO ENSURE RECEIPT OF YOUR
INDIVIDUAL SETTLEMENT PAYMENT**

Why should you read this Notice?

The Court has granted preliminary approval of a proposed settlement (the “Settlement”) in the matter of *Pelaez v. LA Recycling Center, Inc., et al.*, Los Angeles County Superior Court Case No. 19STCV32260 (the “Complaint” or “Lawsuit”). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from this Settlement. Defendants Los Angeles Recycling Center, Inc.’s, Bestway Recycling Company, Inc.’s, Bestway Global Holdings, Inc.’s, Western Recycling, Inc.’s, and Bestway Recycling of Pomona, Inc.’s (collectively, “Defendants”) records show that you were a non-exempt employee who worked for Defendants between September 11, 2015 through August 31, 2020 (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Lawsuit, to inform you of the terms of the Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound to the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff Victor Pelaez (“Plaintiff”) brought this Lawsuit against Defendants on a class action basis on behalf of a class of all current and former non-exempt employees of Defendants who worked in the State of California during the Class Period. Plaintiff is known as the “Class Representative,” and his attorneys, who also represent the interests of all Settlement Class Members, are known as “Class Counsel.”

The Lawsuit alleges that that Defendants: (i) failed to pay non-exempt employees all minimum wages and overtime wages owed due to Defendants’ minimum wage and overtime wage policies/practices; (ii) failed to provide meal period in accordance with California law or pay meal period premiums for missed and/or non-compliant meal periods; (iii) failed to authorize and permit rest periods in accordance with California law or pay rest period premiums for missed and/or non-compliant rest periods; (iv) failed to reimburse non-exempt employees for necessary business expenses, (v) failed to issue accurate and complete itemized wage statements to non-exempt employees, (vi) failed to pay all final wages owed to non-exempt employees who separated their employment from Defendants, (vii) engaged in unlawful business practices pursuant to California Business and Professions Code sections 17200, *et seq.*; and (viii) are liable for civil penalties under the Labor Code Private Attorneys General Act of 2004 (“PAGA”), Labor Code sections 2698, *et seq.* Defendants deny that they have done anything wrong. Defendants also deny that they owe Settlement Class Members any wages, restitution, penalties, damages, or other amounts. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Defendants, by whom all liability is expressly denied.

The Court has not ruled on the merits of Plaintiff’s claims. However, to avoid additional expense, inconvenience, and interference with their business operations, Defendants have concluded that it is in their best interests and the interests of Settlement Class Members to settle the Lawsuit on the terms summarized in this Notice. Defendants provided relevant information to Class Counsel and the Settlement was reached after a mediation.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Defendants, the risk of denial of class certification, the inherent risk of trial on the merits, and the delays and uncertainties associated with litigation.

If you are still employed by Los Angeles Recycling Center, Inc., Bestway Recycling Company, Inc., Bestway Global Holdings, Inc., Western Recycling, Inc., Bestway Recycling of Pomona, Inc., or their related companies, your decision about whether to participate in the Settlement will not affect your employment. California law and Defendants’ policy strictly prohibit unlawful retaliation. Defendants will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class Member because of his/her decision to either participate or not participate in the Settlement.

Who are the Attorneys?

<p>Attorneys for Plaintiff/Settlement Class:</p> <p>HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, CA 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com</p> <p>SANI LAW, APC Sam Sani ssani@sanilawfirm.com 15720 Ventura Blvd., Suite 405 Encino, CA 91436 Tel: (310) 935-0405 Fax: (310) 935-0409 www.sanilawfirm.com</p>	<p>Attorneys for Los Angeles Recycling Center, Inc., Bestway Recycling Company, Inc., Bestway Global Holdings, Inc., Western Recycling, Inc., Bestway Recycling of Pomona, Inc.</p> <p>BALLARD ROSENBERG GOLPER & SAVITT LLP Jeffrey P. Fuchsman jfuchsman@brgslaw.com 15760 Ventura Blvd., 18th Floor Tel: (818) 508-3700 Fax: (818) 506-4827</p>
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Who is the Claims Administrator?

PHOENIX SETTLEMENT ADMINISTRATORS

P.O. Box 7208
Orange, CA 92863
Telephone: (800) 523-5773
Facsimile: (949) 209-2503

What are the terms of the Settlement?

On September 23, 2020, the Court preliminarily certified a class, for settlement purposes only, of all current and former non-exempt employees who worked for Defendants in California during the Class Period (“Settlement Class Members”). Settlement Class Members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Defendants as described below.

Defendants have agreed to pay \$186,000.00 (the “Maximum Settlement Amount”) to fully resolve all claims in the Lawsuit, including payments to Settlement Class Members, Class Counsel’s attorneys’ fees and expenses, claims administration costs, and the Class Representative Enhancement Payment.

The following deductions from the Maximum Settlement Amount will be requested by the parties:

Attorneys’ Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of Settlement Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Maximum Settlement Amount. Settlement Class Members are not personally responsible for any of Class Counsel’s attorneys’ fees or expenses. Class Counsel will ask for up to one-third (33.33%) of the Maximum Settlement Amount, which is currently estimated at \$62,000.00, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$20,000.00 in verified costs incurred in connection with the Lawsuit.

Claims Administration Costs. The Court has approved Phoenix Class Action Administration Solutions to act as the “Claims Administrator,” who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$7,500.00 from the Maximum Settlement Amount to pay the claims administration costs.

Enhancement Payment to Class Representative. Class Counsel will ask the Court to award the Class Representative an enhancement payment in the amount of \$7,500.00 to compensate him for his services and extra work provided on behalf of the Settlement Class Members.

PAGA Payment to State of California. The parties have agreed to allocate \$10,000.00 towards the Settlement of the PAGA claims in the Lawsuit. \$7,500.00 will be paid to the State of California Labor and Workforce Development Agency, representing its 75% share of the civil penalties. The remaining \$2,500.00 will be allocated to Settlement Class Members as described below.

Calculation of Class Members’ Individual Settlement Payments. After deducting the Court-approved amounts above, the balance of the Maximum Settlement Amount will form the Net Settlement Amount, which will be distributed to all participating Settlement Class Members who do not submit a valid and timely Request for Exclusion from the Settlement. The Net Settlement Amount is estimated at approximately \$81,500.00, and will be divided as follows:

- (i) Ten percent (10%) of the Net Settlement Amount shall be designated as the “Wage Statement Amount.” Each participating Settlement Class Member who was employed by Defendants at any time from September 11, 2018 to August 31, 2020 shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.

- (ii) Fifteen percent (15%) of the Net Settlement Amount shall be designated as the “Waiting Time Amount.” Each participating Settlement Class Member who separated their employment with Defendants at any time from September 11, 2016 to August 31, 2020, shall receive an equal, pro-rata share of the Waiting Time Amount.
- (iii) \$2,500.00 of the Net Settlement Amount has been designated as the “PAGA Amount.” Each participating Settlement Class Member who was employed by Defendants at any time from September 11, 2018 to August 31, 2020 shall receive a portion of the PAGA Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.
- (iv) The remainder of the Net Settlement Amount will be distributed to each participating Settlement Class Member based on their proportionate number of workweeks worked during the Class Period, by multiplying the remaining Net Settlement Amount by a fraction, the numerator of which is the Settlement Class Member’s total workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all Settlement Class Members during the Class Period.

Payments to Settlement Class Members. If the Court grants final approval of the Settlement, and after Defendants have fully funded the Maximum Settlement Amount, Individual Settlement Payments will be mailed to all Settlement Class Members who did not submit a valid and timely Request for Exclusion from the Settlement. Defendants have agreed to pay the Maximum Settlement Amount in installment payments. At this time, Defendants are estimated to deliver the final installment payment and fully fund the Maximum Settlement Amount in or around the second half of 2021. No Individual Settlement Payments will be distributed until after Defendants have fully paid the Maximum Settlement Amount. Each Settlement Class Member who receives an Individual Settlement Payment must cash that check within 180 days from the date the Claims Administrator mails the check. Any funds payable to a Settlement Class Members whose checks remain uncashed 180 calendar days after such checks are mailed by the Claims Administrator shall become void, and the funds associated with such voided checks, plus any accrued interest that has not otherwise been distributed shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code section 1500 et seq., for the benefit of those Settlement Class Members who did not cash their checks until such time that they claim their property.

Allocation and Taxes. For tax purposes, each Individual Settlement Payment shall be treated as follows: twenty-percent (20%) as “wages,” for which an IRS Form W-2 will be issued; and eighty-percent (80%) as penalties and interest, for which an IRS Form 1099 will be issued. Settlement Class Members are responsible for the proper income tax treatment of the Individual Settlement Payments. Defendants shall pay their normal company share of payroll taxes on all wages paid as part of this Settlement separate and apart from the Maximum Settlement Amount. The Claims Administrator, Defendants and their counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court approves the Settlement, the Settlement Class, and each Settlement Class Member who has not submitted a timely and valid Request for Exclusion from the Settlement, will release and discharge Defendants, their past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parents, and attorneys (collectively the “Released Parties”) from any and all federal and state wage-and-hour claims, demands, rights, liabilities, and causes of action of every nature and description, whether known or unknown, that were or could have been asserted based on the factual allegations in the First Amended Complaint by Plaintiff against Defendants, including, without limitation, all of the following: (a) statutory, constitutional, contractual, or common law claims for unpaid wages, overtime, restitution, interest, liquidated damages and/or penalties; (b) claims for any alleged underpayment of wages, including failure to pay all minimum wages and overtime wages owed; (c) claims for failure timely to pay wages when due; (d) claims for failure to provide meal period or pay meal period premiums for missed and/or non-compliant meal periods; (e) claims for failure to authorize and permit rest periods or pay rest period premiums for missed and/or non-compliant rest periods; (f) claims for failure to reimburse necessary business expenses; (g) claims for failure to keep accurate records of non-exempt employees’

hours worked and wages earned, (h) claims for wage statement violations; (i) waiting time penalties under Labor Code § 203 deriving from the same underlying violations; (j) unfair business practices under California Business & Professions Code section 17200 *et seq.*; (k) penalties under the California Labor Code Private Attorney General Act, Labor Code section 2698 *et seq.*; (k) liquidated damages, interest, attorney’s fees, litigation costs, restitution, or equitable relief (collectively, the “Released Claims”). The period of the Release shall extend from September 11, 2015 through the date of preliminary approval or August 31, 2020, whichever is earlier (the “Class Period”).

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

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your Individual Settlement Payment based on the number of workweeks you worked during the relevant time periods, as stated in the enclosed Notice of Settlement Award. You will also be bound by the Settlement, including the release of claims stated herein.

What other options do I have?

Disputing Information in Notice of Settlement Award. As stated above, your Individual Settlement Payment is based on the number of workweeks you worked during the relevant time periods. The information contained in Defendants’ records regarding this factor, along with your estimated Individual Settlement Payment, is listed on the accompanying Notice of Settlement Award. If you disagree with what is contained in your Notice of Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than December 1, 2020. **DOCUMENTATION SENT TO THE CLAIMS ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED; DO NOT SEND ORIGINALS.**

The Claims Administrator shall have the initial responsibility of resolving all disputes that arise during the claims administration process, including, without limitation, disputes (if any) regarding the calculation of Individual Settlement Payments, the allocation of W-2 wages, and the number of workweeks worked. Where the information submitted by Defendants from their records differs from the information submitted by the Settlement Class Member, the Claims Administrator shall request a conference call between the Claims Administrator, Class Counsel, and defense counsel to discuss and resolve the dispute. In advance of the conference call, the Claims Administrator shall fax or email copies of all available information to all counsel. The parties will resolve all disputes jointly, which shall be final and binding on any Class Member, and shall thereafter instruct the Claims Administrator how to proceed in processing the disputed claim. If the parties cannot reach agreement, disputes shall be referred to the Court for a final determination at the Final Approval Hearing.

Excluding Yourself from the Settlement. If you **do not** wish to take part in the Settlement or if you wish to bring your own individual lawsuit against Defendants, you may exclude yourself by sending to the Claims Administrator a written “Request for Exclusion from the Class Action Settlement” letter (“Request for Exclusion”) postmarked no later than December 1, 2020, with your name, address, telephone number, last four digits of your social security number, and your signature. The Request for Exclusion should state:

“I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE *PELAEZ V. LA RECYCLING CENTER, INC., ET AL.* LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OF THIS LAWSUIT.”

Send the Request for Exclusion directly to the Claims Administrator at P.O. Box 7208, Orange, CA 92863. Any person who submits a timely Request for Exclusion from the Settlement shall, upon receipt, no longer be a Settlement Class Member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. **Do not submit both an objection and a Request for Exclusion.** If you do, the Request for Exclusion will control and the objection will be deemed moot, as you will no longer be considered a member of the Settlement Class.

Objecting to the Settlement. If you do not submit a Request for Exclusion, you have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you have two options. First, you may mail a written objection to the Claims Administrator. Your written objection must include your name, address, telephone number, dates of employment with Defendants, the case name and number, each specific reason in support of your objection, and any legal or factual support for each objection together with any evidence in support of your objection. Your written objections must be postmarked on or before December 1, 2020. Second, you may object to the Settlement by appearing at the Final Approval Hearing scheduled for January 28, 2021 in Department 10 of the Los Angeles County Superior Court, Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, CA 90012. You have the right to appear either in person or through your own attorney at this hearing. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before December 1, 2020.

All written objections or other correspondence must state the name and number of the case, which are *Pelaez v. LA Recycling Center, Inc., et al.*, Los Angeles County Superior Court Case No. 19STCV32260.

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on January 28, 2021, in Department 10 of the Los Angeles County Superior Court, Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, CA 90012. The Court will also be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses, and the Enhancement Payment to the Class Representative. **You are not required to attend the Final Approval Hearing, although any Settlement Class Member is welcome to attend the hearing.**

How can I get additional information?

This Notice is only a summary of the Lawsuit and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Clerk's Office of the Los Angeles County Superior Court, Stanley Mosk Courthouse, located at 111 North Hill Street, Los Angeles, CA 90012 during regular court hours. The relevant documents related to the Settlement, including notice of final judgment, can be accessed for free at the following website: www.phoenixclassaction.com/pelaez-v-larc

You may also contact Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT, LOS ANGELES RECYCLING CENTER, INC., BESTWAY RECYCLING COMPANY, INC., BESTWAY GLOBAL HOLDINGS, INC., WESTERN RECYCLING, INC., BESTWAY RECYCLING OF POMONA, INC., OR THEIR ATTORNEYS FOR INFORMATION ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.

REMINDER AS TO TIME LIMITS

The deadline for submitting any disputes, Requests for Exclusion, or objections is December 1, 2020. These deadlines will be strictly enforced.