

NOTICE OF CLASS ACTION SETTLEMENT

*A court authorized this notice. This is not a solicitation.
This is not a lawsuit against you and you are not being sued.
However, your legal rights are affected by whether you act or don't act.*

YOU MAY BE ENTITLED TO MONEY UNDER THE PROPOSED CLASS ACTION SETTLEMENT. PLEASE READ THIS NOTICE CAREFULLY; IT INFORMS YOU ABOUT YOUR LEGAL RIGHTS.

The California Superior Court, County of San Bernardino has granted preliminary approval to a proposed settlement (“Settlement”) of *Eddie Escamilla, Gustavo Escamilla, and Arturo Escamilla vs. Keystone Freight Corp. and National Retail Transportation, Inc.* Because your rights may be affected by this Settlement, it is important that you read this Notice of Class Action Settlement (“Notice”) carefully.

The Court has certified the following class for settlement purposes (collectively these individuals are referred to as the “Class” or “Class Members”):

Any and all persons that performed work for Defendants National Retail Transportation, Inc. or Keystone Freight Corp. (collectively “Defendants”) in California pursuant to owner-operator agreements (“Direct Contractors”) and/or pursuant to being hired by Direct Contractors to perform the work under the owner-operator agreements without being a party to the agreements (“Secondaries”) during the time period of October 18, 2015, through April 11, 2022.

The purpose of this Notice is to provide a brief description of the claims alleged in the Class Action, the key terms of the Settlement, and your rights and options with respect to the Settlement.

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1. *Why Have I Received This Notice?*

Defendants' records indicate that you may be a Class Member. The Settlement will resolve all Class Members' Released Class Claims, as described below, during the Class Period.

A Preliminary Approval Hearing was held on April 13, 2022, in the California Superior Court, County of San Bernardino. The Court conditionally certified the Classes for settlement purposes only and directed that you receive this Notice.

The Court will hold a Final Approval Hearing concerning the proposed settlement on September 13, 2022, at 10:00 a.m., located at 247 W 3rd Street, San Bernardino, CA 92415. The Final Approval Hearing may be continued without further notice to the Class Members. You are advised to check the Court's website (instructions on accessing this site are provided in Section 12 of this Notice) to confirm that the date has not been changed.

2. *What Is This Case About?*

The Class Action filed by Plaintiffs Eddie Escamilla, Gustavo Escamilla, and Arturo Escamilla, alleges causes of action against Defendants on behalf of Plaintiffs and those similarly situated for (1) Failure to Pay All Wages; (2) Failure to Provide Meal Periods; (3) Failure to Authorize and Permit Rest Periods; (4) Failure to Reimburse Business Expenses; (5) Failure to Furnish Accurate Wage Statements; (6) Waiting Time Penalties; (7) Violation of Unfair Competition Law; and (8) Violations of the Private Attorneys General Act, Labor Code §2699, et seq. ("PAGA").

The Court has not made any determination as to whether the claims advanced by Plaintiffs have any merit. In other words, the Court has not determined whether any laws have been violated, nor has it decided in favor of Plaintiffs or Defendants; instead, both sides agreed to resolve the lawsuit with no decision or admission of who is right or wrong. By agreeing to resolve the lawsuit, all parties avoid the risks and cost of a trial. Defendants expressly deny that they did anything wrong or that they violated the law and further denies any liability whatsoever to Plaintiffs or to the Class.

3. *Am I A Class Member? Am I A PAGA Employee?*

You are a Class Member if you performed work for Defendants in the State of California pursuant to owner-operator agreements ("Direct Contractors") and/or pursuant to being hired by Direct Contractors to perform the work under the owner-operator agreements without being a party to the agreements ("Secondaries") during the time period of October 18, 2015, through April 11, 2022.

If you worked for Defendants in the State of California as a Direct Contractor or Secondary during the time period of October 18, 2018, through April 11, 2022, you are also an "PAGA Employee" under the settlement.

4. *How Does This Class Action Settlement Work?*

In this Action, Plaintiffs sued on behalf of themselves and all other similarly situated individuals as defined in Section 3 above. Plaintiffs and these individuals comprise a "Class" and are "Class Members." The settlement of this Action resolves the Released Class Claims of all Class Members, except for those who exclude themselves from the Class by requesting to be excluded in the manner set forth below.

Plaintiffs and Class Counsel believe the Settlement is fair and reasonable. The Court must also review the terms of the Settlement and determine if it is fair and reasonable to the Class. The Court file has the Settlement documents, which explain the Settlement in greater detail. If you would like copies of the Settlement documents, you can contact Class Counsel, whose contact information is below, and they will provide you with a copy free of charge.

5. Who Are the Attorneys Representing the Parties?

The Court has decided that David Mara and Matthew Crawford of Mara Law Firm, PC are qualified as Class Counsel to represent you and all other Class Members simultaneously.

Class Counsel / Attorneys for Plaintiffs	Attorneys for Defendants
<p>MARA LAW FIRM, PC David Mara Matthew Crawford 2650 Camino Del Rio North, Suite 205 San Diego, CA 92108 Telephone: (619) 234-2833 Facsimile: (619) 234-4048</p>	<p>LEWIS BRISBOIS BISGAARD & SMITH LLP Joshua D. Carlon 633 W 5th Street, Suite 4000 Los Angeles, California 90071 Telephone: (213) 281-5235 Facsimile: (213) 250-7900</p>

You do not need to hire your own attorney because Class Counsel is working on your behalf. But, if you want your own attorney, you may hire one at your own cost.

6. What Are My Options?

The purpose of this Notice is to inform you of the proposed Settlement and of your options. Each option has its consequences, which you should understand before making your decision. Your rights regarding each option, and the steps you must take to select each option, are summarized below and explained in more detail in this Notice.

Important Note: Defendants will not retaliate against you in any way for either participating or not participating in this Settlement.

- **DO NOTHING:** If you do nothing and the Court grants final approval of the Settlement, you will become part of this Class Action and may receive a payment from the Settlement. You will be bound to the release of the Released Class Claims and Released PAGA Claims as defined in the Settlement Agreement and the Final Judgment. You will also give up your right to pursue the Released Class Claims and Released PAGA Claims as defined in Section No. 9 below.
- **OPT OUT:** If you do not want to participate as a Class Member, you may “opt out,” which will remove you from the Class and this Class Action. If the Court grants final approval of the Settlement, you will not receive a Settlement payment and you will not give up the right to sue Defendants and the Released Parties for the Released Class Claims. If you are a PAGA Employee, you will receive an Individual PAGA Settlement Payment and be bound by the Released PAGA Claims, even if you opt-out of the settlement.
- **OBJECT:** You may file a legal objection to the proposed settlement. If you would like to object, you may not opt out of this case.

The procedures for opting out and objecting are set forth below in the sections entitled “How Do I Opt Out or Exclude Myself From This Settlement” and “How Do I Object To The Settlement?”

7. How Do I Opt Out Or Exclude Myself From This Settlement?

Class Members may elect to Opt Out of the Settlement and, thus, exclude themselves from the Settlement. Class Members who wish to exercise this option must submit a timely and valid Request for Exclusion to the Settlement Administrator. The written request for exclusion must: (a) state the Class Member’s name, address, telephone number, and the last four digits of the Class Member’s social security number or employee identification number; (b) state the Class Member’s intention to exclude themselves from or opt-out of the Settlement; (c) be addressed to the Settlement Administrator; (d) be signed by the Class Member or his or her lawful representative; and (e) be postmarked no later than **July 2, 2022**. The Settlement Administrator’s mailing address is **Phoenix Settlement Administrators, P.O. Box 7208, Orange, CA 92863**. Class Members who do not Opt Out by submitting valid and timely Requests for Exclusion will be deemed to be Participating Class Members, will be bound by the Settlement and the Judgment entered based thereon.

The proposed settlement includes the settlement of claims for civil penalties under the PAGA. You may not request to be excluded from the settlement of a PAGA claim. Thus, if the court approves of the settlement, even if you request exclusion from the settlement, if you worked during the PAGA Period of October 18, 2018, through April 11, 2022, you will receive an Individual PAGA Settlement Payment and will be deemed to have released the PAGA Released Claims. A request for exclusion will preserve your right to individually pursue only the remaining class claims.

8. How Do I Object To The Settlement?

Class Members who do not Opt Out may object to the Settlement by submitting a written objection to the Settlement Administrator, postmarked no later than **July 2, 2022**. A written objection to the Settlement Administrator must be signed by the Class Member and dated, and additionally state the Class Member's name, last four (4) digits of his or her Social Security number, dates of employment as a non-exempt or hourly-paid employee of Defendants in California, the case name and number of the Action (*Eddie Escamilla et. al v. Keystone Freight Corp. et. al*, San Bernardino County Superior Court Case No. CIVDS1931366), all legal and factual bases for objection to the Settlement, whether the Class Member intends to appear at the Final Approval Hearing, and whether the Class Member is represented by legal counsel (and if so, identifying the legal counsel and providing said legal counsel's mailing address). The Settlement Administrator's mailing address is **Phoenix Settlement Administrators, P.O. Box 7208, Orange, CA 92863**

Alternatively, Class Members may choose to voice their objections at the Final Approval Hearing. A Class Member who objects to the Settlement will still be considered a Participating Class Member who is subject to the Settlement.

9. How Does This Settlement Affect My Rights? What are the Released Claims?

If the proposed settlement is approved by the Court, a Final Judgment will be entered by the Court. All Class Members who do not opt out of the Settlement will be bound by the Court's Final Judgment and will release Defendants and the Released Parties¹ from the Released Class Claims. The Released Class Claims are:

All claims, demands, rights, liabilities and causes of action of every nature and description whatsoever including without limitation statutory, constitutional, contractual or common law claims, against the Released Parties (as defined below), and any of them, for relief and penalties, that accrued during the Class Period, and as a result of Class Members' employment by Defendants in California, that arise under any state or local law or state administrative order that was or could have been pled based on the facts alleged in the Operative Complaint, including claims of failure to pay minimum wages, failure to pay overtime wages, failure to provide compliant meal periods and/or associated premiums, failure to provide wage statements, failure to provide compliant rest periods and/or associated premiums, failure to pay wages timely at termination, failure to reimburse for business expenses, unfair competition, and violations of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802 the applicable Wage Order of the Industrial Wage Commission, and California Business & Professions Code §§ 17200 to 17208, including without limitation all related claims for restitution and other equitable relief arising from California Business and Professions Code §§ 17200, *et seq.*, interest on unpaid wages, unpaid wages, attorneys' fees or litigation costs, and any other related claims and/or penalties. The release does not extend to any claims not alleged in the operative Class Action Complaint and specifically excludes claims for workers' compensation, personal injuries, unemployment insurance, state disability compensation, claims under the Employment Retirement Income Security Act of 1974, previously vested benefits under any employer sponsored benefits plan, wrongful termination, discrimination, retaliation, and harassment including but not limited to those arising under the Age Discrimination In Employment Act, the California Fair Employment and Housing Act, Title VII of the Federal Civil Rights Act of 1964, and/or Federal Civil Rights Act of 1991, or any similar state or federal laws, the California Family Rights Act, the Federal Family Medical Leave Act, the California Pregnancy Leave Law, or similar state or federal laws, the Federal Equal Pay Act of 1963, violations of the Americans with Disabilities Act of 1990 or violations of any other state or federal law, rule or regulation concerning discrimination, retaliation and/or harassment. This release does not include any of the claims encompassed within the Released PAGA Claims (as defined below).

¹ "Released Parties" means Defendants National Retail Transportation, Inc. and Keystone Freight Corp. and each of their parent companies, subsidiaries, affiliates, current and former management companies, shareholders, members, agents (including any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns.

If you are a PAGA Employee, you will be bound by the Final Judgment and will release the Released Parties from the Released PAGA Claims, even if you opt-out of the settlement. The Released PAGA Claims are:

All claims, demands, rights, liabilities and causes of action of every nature and description whatsoever including without limitation statutory, constitutional, contractual or common law claims, against the Released Parties (as defined below), and any of them, for civil penalties pursuant to PAGA, that accrued during the PAGA Period, and as a result of PAGA employees' employment by Defendants in California, that arise under any state or local law or state administrative order that was or could have been pled based on the facts alleged in the Operative Complaint and the forthcoming notice to the LWDA, including claims of failure to pay minimum wages, failure to pay overtime wages, failure to provide compliant meal periods and/or associated premiums, failure to provide wage statements, failure to provide compliant rest periods and/or associated premiums, failure to pay wages timely at termination, failure to reimburse for business expenses, and violations of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, and the applicable Wage Order of the Industrial Wage Commission. The release does not extend to any claims not alleged in the operative Class Action Complaint and the forthcoming notice to the LWDA.

10. *How Much Can I Expect To Receive From This Settlement?*

The total maximum amount that Defendants could be required to pay under this Agreement shall be up to but no more than \$1,500,000 ("Maximum Settlement Amount" or "MSA").

The "Net Settlement Amount" or "NSA" means the portion of the MSA, available for distribution to Class Members after the deduction of (1) the Class Representative Service Awards to Plaintiffs Eddie Escamilla and Gustavo Escamilla in an amount up to \$10,000 each, and to Plaintiff Arturo Escamilla in an amount up to \$5,000, for prosecution of the Action, risks undertaken for the payment of attorneys' fees and costs, and a general release of all claims; (2) the Settlement Administration Costs to the Settlement Administrator in an amount estimated not to exceed \$15,000; (3) a payment of \$75,000 allocated to the PAGA claims; and (4) payment to Class Counsel in an amount not to exceed \$500,000 (33 1/3% of the Maximum Settlement Amount) for attorneys' fees and an amount not to exceed \$20,000 for litigation costs. All of these payments are subject to court approval.

The portion of the Maximum Settlement Amount which is allocated to the compromise and release of Plaintiffs' claims in for PAGA Penalties is Seventy-Five Thousand Dollars (\$75,000). Of this \$75,000, 75%, or \$56,250, will be paid to the Labor and Workforce Development Agency ("LWDA"), and the remaining 25%, or \$18,750, will be distributed to the PAGA Employees (the "Individual PAGA Settlement Payment").

A. How Will Settlement Payments Be Calculated?

Individual Class Settlement Shares to Class Members: For each Participating Class Member, the Participating Class Member's Individual Class Workweeks will be divided by the total number of Participating Class Member Workweeks. The resulting number will then be multiplied by the Net Settlement Amount. For Class Members who were Direct Contractors, the Individual Class Workweeks means six times the number of workweeks that the Direct Contractor worked for Defendants during the Class Period; for Class Members that were Secondaries, this term means the number of workweeks the Secondary worked for Defendants during the Class Period.

Individual PAGA Settlement Payments to PAGA Employees: For each PAGA Employee, the PAGA Employee's Individual PAGA Workweeks will be divided by the total number of PAGA Employees Workweeks. The resulting number will then be multiplied by \$18,750 (25% of the \$75,000 to be paid in settlement of the PAGA claims in the Litigation). For PAGA Employees who were Direct Contractors, the Individual PAGA Workweeks means six times the number of workweeks that the Direct Contractor worked for Defendants during the PAGA Period; for PAGA Employees that were Secondaries, this term means the number of workweeks the Secondary worked for Defendants during the PAGA Period.

One day worked in a given week will be credited as a week for purposes of these calculations. Therefore, the value of each Class Member's and/or PAGA Employee's Settlement payment ties directly to the amount of weeks that he or she worked.

B. How Will My Settlement Payment Be Taxed?

Each Class Member's Individual Class Settlement Share will be apportioned as follows: 25% wages and 75% interest and penalties. The amounts paid as wages shall be subject to all tax withholdings customarily made from an employee's wages and all other authorized and required withholdings and shall be reported on IRS W-2 Forms issued by the Settlement Administrator on behalf of the qualified settlement fund. Defendants shall pay the employer portion of all such tax withholdings on the Individual Class Settlement Share amounts paid as wages separate from, and in addition to, the Maximum Settlement Amount. The Individual Settlement Share amounts paid as penalties and interest shall be subject to all authorized and required withholdings other than the tax withholdings customarily made from employees' wages and shall be reported on IRS 1099 Forms issued by the Settlement Administrator on behalf of the qualified settlement fund. Only the employee share of payroll tax withholdings shall be withheld from each Settlement Class Member's Individual Class Settlement Share.

Each PAGA Employee's Individual PAGA Settlement Payment will be apportioned as follows: 100% penalties. The Individual PAGA Settlement Payment amounts shall be reported on IRS 1099 Forms issued by the Settlement Administrator on behalf of the qualified settlement fund.

C. What Is My Settlement Payment?

Although your exact share of the Net Settlement Amount as a Class Member cannot be precisely calculated until after the time during which individuals may object or seek exclusion from the Settlement concludes, based upon the calculation above, your approximate share of the Net Settlement Amount, is as follows: \$ _____, less taxes. This is based on the Class List which shows you worked ___ workweeks during the Class Period.

If you are also a PAGA Employee, you will receive a share of \$18,750 (25% of the \$75,000 to be paid in settlement of the PAGA claims in the Litigation). Based upon the calculation above, your approximate share is as follows: \$ _____. This is based on the Class List which shows you worked ___ workweeks during the PAGA Period.

Checks issued to Settlement Class Members and Aggrieved Employees shall be valid for 180 days. After this 180 the remaining funds from any uncashed checks shall be submitted to the State Controller Unclaimed Property Fund in the name of the Class Member and/or PAGA Employee for whom the funds are designated.

11. How Do I Get More Information About The Case Or The Settlement?

IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS, you may contact Class Counsel listed above, or the Settlement Administrator at the telephone number listed below, toll free. Please refer to the Keystone and NRT Class Action Settlement.

This Notice does not contain all of the terms of the proposed Settlement or all of the details of these proceedings. For more detailed information, you may refer to the underlying documents and papers on file with the Court at 247 W 3rd Street, San Bernardino, CA 92415 or at the Settlement Administrator's Website: <http://www.phoenixclassaction.com/>. You may also contact Class Counsel, whose contact information is above, and they will provide you with a copy of the Settlement documents or case documents free of charge. You can also visit the Court's website at <https://www.sb-court.org/divisions/civil-general-information/court-case-information-and-document-sales>. Click the "Accept" button at the bottom of the screen, then click "Click here to access the Portal (Classic)." Click the "Smart Search" button, then enter the case number CIVDS1931366.

PLEASE DO NOT TELEPHONE THE COURT OR COURT'S CLERK FOR INFORMATION ABOUT THIS SETTLEMENT.