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14 Attorneys for Plaintiff, the Class, and the Aggrieved Employees

15 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
16 **FOR THE COUNTY OF ORANGE**

17 MEGAN ARRINGTON, as an individual  
18 and on behalf of all others similarly situated,

19 Plaintiff,

20 vs.

21 AUTOMATIC DATA PROCESS  
22 INSURANCE AGENCY, INC., a  
23 Massachusetts corporation; and DOES 1  
24 through 50, inclusive,

25 Defendants.

Case No.: 30-2019-01099994-CU-OE-CXC

(Assigned to the Hon. Peter Wilson, Dept. CX-102)

**ORDER GRANTING PLAINTIFF'S  
MOTION FOR PRELIMINARY  
APPROVAL OF CLASS ACTION  
SETTLEMENT**

Date: May 13, 2021

Time: 2:00 p.m.

Dept.: CX102

FAC filed: November 1, 2019

SAC filed: September 30, 2020

**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

**MAY 13 2021**

DAVID H. YAMASAKI, Clerk of the Court

BY: \_\_\_\_\_, DEPUTY

1  
2 **ORDER**

3 The Court has considered the Joint Stipulation of Class Action and PAGA Settlement  
4 (“Settlement Agreement” or “Stipulation”) and all other papers filed in this action.

5 NOW THEREFORE, IT IS HEREBY ORDERED:

6 1. The Court grants preliminary approval of the Settlement Agreement between  
7 Plaintiff and Defendant filed herewith. The Settlement Agreement appears to be fair, adequate,  
8 and reasonable to the Class. The Settlement Agreement is attached herein as **Exhibit A**. The  
9 Amendment to Joint Stipulation of Class Action and PAGA Settlement is attached herein as  
10 **Exhibit B**.

11 2. Plaintiff Megan Arrington (“Plaintiff”) and Defendant Automatic Data Processing  
12 Insurance Agency, Inc. (“Defendant”) (hereafter, the “Settling Parties”), through their counsel of  
13 record in the Action, have reached an agreement to settle all claims in the Action as set forth in  
14 the Settlement Agreement, on behalf of the Class (as defined below and in the Settlement  
15 Agreement);

16 3. The Court hereby conditionally certifies the following Class for settlement  
17 purposes only: All current and former non-exempt inside sales individuals employed by  
18 Defendant within the State of California at any time during the period from September 24, 2015  
19 through December 1, 2020;

20 Should for whatever reason the Settlement Agreement not become Final, the fact that the  
21 Settling Parties were willing to stipulate to certification of a class as part of the Settlement  
22 Agreement shall have no bearing on, or be admissible in connection with, the Action or the issue  
23 of whether a class should be certified in a non-settlement context.

24 4. The Court appoints and designates: (a) Plaintiff Megan Arrington as the Class  
25 Representative and (b) Larry W. Lee and Mai Tulyathan of Diversity Law Group, P.C., and  
26 Jonathan M. Lebe of Lebe Law, P.C., as Class Counsel for the Class. Class Counsel is  
27 authorized to act on behalf of the Class with respect to all acts or consents required by, or which  
28 may be given, pursuant to the Settlement Agreement, and such other acts reasonably necessary to

1 finalize the Settlement Agreement and its terms. Any Class Member may enter an appearance  
2 through his or her own counsel at such Class Member's own expense. Any Class Member who  
3 does not enter an appearance or appear on his or her own behalf and who does not opt-out of the  
4 Settlement Agreement will be represented by Class Counsel.

5         5. The Court hereby preliminarily approves the Settlement Agreement and the total  
6 gross settlement amount of \$832,352.10, which is to be distributed as follows: (a) up to  
7 \$10,000.00 to be paid to the Class Representative for the Class Representative Enhancement  
8 Payment; (b) up to \$277,450.70 shall be paid to Class Counsel for attorneys' fees, plus up to  
9 \$30,000.00 for reimbursement of litigation costs; (c) up to \$40,000.00 shall be allocated as  
10 PAGA penalties (of which 75%, or \$30,000.00, shall be paid to the LWDA, and 25%, or  
11 \$10,000.00, shall be distributed to PAGA Representative Action Members); and (d) up to  
12 \$6,750.00 to be paid to the Settlement Administrator for its fees and costs relating to the  
13 settlement administration process. The Court further hereby preliminarily approves the Net  
14 Settlement Amount and the method for calculating Class Members' individual settlement  
15 payments as provided in the Settlement Agreement.

16         6. The Court finds that on a preliminary basis the Settlement Agreement appears to  
17 be within the range of reasonableness of a settlement, including the amount of the PAGA  
18 penalties, Class Representative Enhancement Payment, Class Counsel's fees and costs, the  
19 Settlement Administration fees, and the allocation of payments to Class Members, that could  
20 ultimately be given final approval by this Court. It appears to the Court on a preliminary basis  
21 that the settlement is fair, adequate, and reasonable as to all potential Class Members when  
22 balanced against the probable outcome of further litigation relating to liability and damages  
23 issues. It also appears that investigation and research have been conducted so that counsel for  
24 the Settling Parties are able to reasonably evaluate their respective positions. It appears to the  
25 Court that settlement at this time will avoid substantial additional costs by Settling Parties, as  
26 well as avoid the delay and risks that would be presented by the further prosecution of the  
27 Action. It also appears that settlement has been reached as a result of intensive, serious, and non-  
28 collusive arm's length negotiations.

1           7. The Court hereby approves the following dates:

| Description   | Date                                | Details  |
|---|-------------------------------------|--|
| Preliminary Approval Hearing  | May 13, 2021 at 2:00 p.m.           |  |
| Class List to Administrator   | May 27, 2021                        | 14 calendar days after preliminary approval order        |
| Class Notice Distribution   | June 7, 2021                        | 10 calendar days after receiving class list              |
| Deadline to Submit Opt-Out/Written Objections/Disputes Regarding Eligible Workweeks                         | August 6, 2021                      | 60 calendar days after initial Class Notice Distribution |
| Deadline to Submit Opt-Out/Written Objections/Disputes Regarding Eligible Workweeks (for re-mailed notices) | August 21, 2021                     | 15 calendar days extension for re-mailed notices         |
| Final Approval Filing Deadline  | September 15, 2021                  | 16 court days before the Final Approval Hearing          |
| <b>Final Approval Hearing</b>   | <b>October 7, 2021 at 2:00 p.m.</b> |  |
| Compliance Hearing/Final Distribution and Amended Judgment  | 12 months after Final Approval      |  |

18           A final fairness hearing on the question of whether the proposed Settlement Agreement,  
19 the allocation of payments to participating Class Members, attorneys' fees and costs to Class  
20 Counsel, the payment to the Settlement Administrator, the payment to the LWDA, and the Class  
21 Representative Enhancement Payment should be finally approved as fair, reasonable, and  
22 adequate as to the members of the Class is hereby set for **October 7, 2021 at 2:00 p.m.** in this  
23 Court.

24           8. The Court hereby approves, as to form and content, the Notice of Pendency of  
25 Class Action Settlement ("Notice") to be sent to Class Members, which is attached herein as  
26 **Exhibit C**. The Court finds that distribution of the Notice to Class Members substantially in the  
27 manner and form set forth in the Settlement Agreement and this Order meets the requirements of  
28 due process and shall constitute due and sufficient notice to all parties entitled thereto.

1           9.       The Court appoints and designates Phoenix Settlement Administrators as the  
2 Settlement Administrator. The Court hereby directs the Settlement Administrator to provide the  
3 approved Notice to Class Members using the procedures set forth in the Settlement Agreement.

4           10.       Any Class Member may choose to opt out of and be excluded from the settlement  
5 as provided in the Settlement Agreement and Notice by submitting a written request for  
6 exclusion (“Request to be Excluded”). For a Request to be Excluded to be valid, it must contain:  
7 (i) the name, address, telephone number; (ii) be signed by the Class member; (iii) clearly state  
8 that the Class Member does not wish to be included in the Settlement (i.e. “I hereby request to be  
9 excluded from the Class Action Settlement in *Arrington v. Automatic Data Processing Insurance*  
10 *Agency, Inc.*,” or words to the similar effect); and (v) be faxed or postmarked to the Settlement  
11 Administrator. by no later than sixty (60) calendar days after the date the Settlement  
12 Administrator initially mails the Notice to Class Members. Class Members who receive a re-  
13 mailed Notice shall have their deadline to submit Requests to be Excluded extended fifteen (15)  
14 days from the initial deadline.

15           Any person who timely and properly opts out of the settlement will not be bound by the  
16 Settlement Agreement or have any right to object, appeal, or comment thereon. Any requests for  
17 exclusion must be in writing and signed by each such Class Member opting-out and must  
18 otherwise comply with the requirements delineated in the Notice. Class Members who have not  
19 requested exclusion by submitting a valid and timely exclusion request, by the deadline, shall be  
20 bound by all determinations of the Court, the Settlement Agreement, and Judgment. The  
21 postmark or facsimile date of the Request to be Excluded shall be the exclusive means to  
22 determine whether the Request to be Excluded is timely submitted.

23           11.       Class Members who wish to object to the Settlement Agreement shall have sixty  
24 (60) calendar days from the mailing of the Notice within which to postmark or fax a written  
25 objection to the Settlement Agreement, pursuant to the requirements provided in the Notice, for  
26 return to the Settlement Administrator. The written objection must include: (i) the objector’s full  
27 name, signature, address, and telephone number, and (ii) a written statement of all grounds for  
28 the objection. Class Members may, but need not do so, include with their written objection any

1 copies of any papers, briefs, or other documents upon which the objection is based, if any. The  
2 objection should clearly explain why the Class Member objects to the Settlement. Alternatively,  
3 any Class Member who does not submit a written objection may still appear at the final fairness  
4 hearing to verbally object to the Settlement Agreement. Class Members who receive a re-mailed  
5 Notice shall have their deadline to submit written objections extended fifteen (15) days from the  
6 initial deadline.

7 12. Class Members may also submit disputes regarding the number of Eligible  
8 Workweeks set forth in the Notice by preparing a statement setting forth the number of Eligible  
9 Workweeks that the Class Member believes in good faith is correct, stating that the Class  
10 Member authorizes the Settlement Administrator to review the Class Member's personnel file to  
11 determine such information, and attaching any relevant documentation in support thereof. Class  
12 Members who wish to submit such a dispute shall have sixty (60) calendar days from the mailing  
13 of the Notice to mail or fax the signed statement. Settlement Class Members who receive a re-  
14 mailed Notice shall have their deadline to submit any such disputes extended fifteen (15) days  
15 from the original deadlines. The Settlement Administrator will review the pertinent payroll  
16 records for the Class Members and will consult with counsel for the Parties.

17 In the event there is a disparity between the dates a Class Member claims he or she  
18 worked during the Class Period and the dates indicated by Defendant's records, Class Members  
19 may submit further records, including without limitation, paycheck stub(s) (or bona fide copies  
20 thereof), bank statements, or other records of compensation, to the Settlement Administrator for  
21 review. The Settlement Administrator will then make a decision as to the total number of  
22 Eligible Workweeks, subject to a final review by the Court. The Settlement Administrator shall  
23 send written notice of the decision on any such claim to the Class Member and to counsel for the  
24 Parties within ten (10) calendar days of receipt of the dispute. The Court retains the final right to  
25 review and reverse any decision made by the Settlement Administrator regarding the Eligible  
26 Workweeks dispute.

27 13. The Motion for Final Approval shall be filed by the Class Representative no later  
28 than sixteen (16) court days before the final fairness hearing. Along with the Motion for Final

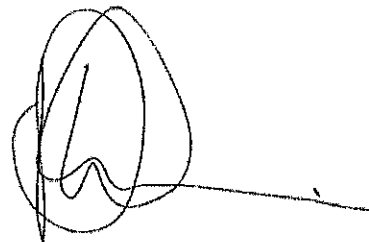
1 Approval, Plaintiff will submit to the Court all Requests to be Excluded (opt-outs) and written  
2 objections received, as well as all disputes submitted by Class Members regarding the number of  
3 Eligible Workweeks.

4 14. At final approval, the Court will affirm that, notwithstanding the submission of a  
5 timely and proper opt-out by Class Members, PAGA Representative Action Members will still  
6 be bound by the settlement and the PAGA Released Claims under the Final Judgment pursuant  
7 to *Arias v. Superior Court* (2009) 46 Cal. 4th 969, as PAGA Representative Action Members  
8 cannot opt out or be excluded from participating in the settlement of the PAGA Released Claims.

9 15. The Court reserves the right to adjourn or continue the date of the Final Fairness  
10 Hearing and all dates provided for in the Settlement Agreement without further notice to the  
11 Class, and retains jurisdiction to consider all further applications arising out of or connected with  
12 the Settlement Agreement.

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14 **IT IS SO ORDERED.**

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17 DATED: May 13, 2021



18 HONORABLE PETER WILSON  
19 Judge of the Superior Court  
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# EXHIBIT A



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Attorneys for Plaintiff,  
16 MEGAN ARRINGTON

17  
18 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
19 FOR THE COUNTY OF ORANGE

20  
21 MEGAN ARRINGTON, as an individual  
and on behalf of all others similarly situated,

22 Plaintiff,

23 v.

24 AUTOMATIC DATA PROCESS  
INSURANCE AGENCY, INC., a  
25 Massachusetts corporation, and DOES 1  
through 50, inclusive,

26 Defendants.  
27  
28

CASE NO.: 30-2019-01099994-CU-OE-CXC

*Assigned for all purposes to the Honorable Peter J.  
Wilson, Dept. CX-102*

**CLASS ACTION**

**JOINT STIPULATION OF CLASS ACTION  
AND PAGA SETTLEMENT**

Complaint Filed: 09/24/2019  
First Amended Compl. Filed: 11/01/2019  
Second Amended Compl. Filed: 09/30/2020  
Trial Date: None Set

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**JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

Subject to final approval by the Court, this Joint Stipulation of Class Action and PAGA Settlement (“Settlement Agreement,” “Settlement,” or “Agreement”) is between MEGAN ARRINGTON (“Named Plaintiff”) on her own behalf and on behalf of all members of the Settlement Class, as defined below, on the one hand, and defendant AUTOMATIC DATA PROCESSING INSURANCE AGENCY, INC. (“Defendant”), on the other hand (collectively the “Parties”), in the lawsuit entitled *Megan Arrington v. Automatic Data Processing Insurance Agency, Inc.*, Orange County Superior Court, Case No. 30-2019-01099994-CU-OE-CXC (“the Litigation”). This Settlement Agreement resolves all claims that were asserted or could have been asserted against Defendant pertaining to the individual, putative class, and representative claims set forth by Named Plaintiff in the Litigation.

**I. DEFINITIONS**

**A. Administrative Costs.** All administrative costs of settlement, including cost of notice to the Settlement Class, claims administration, and any fees and costs incurred or charged by the Settlement Administrator in connection with the execution of its duties under this Stipulation of Settlement.

**B. Agreement.** The terms “Agreement” or “Settlement Agreement” are used synonymously herein to mean this Stipulation of Settlement for purposes of Settlement.

**C. Class Counsel.** The term “Class Counsel” as used herein means Larry W. Lee, Esq. and Mai Tulyathan, Esq. of Diversity Law Group, P.C., and Jonathan M. Lebe, Esq. of Lebe Law P.C., and all of the lawyers of those firms. The term “Class Counsel” shall be used synonymously with the term “Plaintiff’s Counsel.”

**D. Class Period.** The term “Class Period” as used herein means the period from September 24, 2015 through December 1, 2020.

**F. Court.** The term “Court” as used herein means the Superior Court of the State of California for the County of Orange.

1           **G. Counsel for Defendant.** The term “Counsel for Defendant” as used herein means  
2 David B. Monks, Esq. and Sean T. Kingston, Esq. of Fisher & Phillips LLP, and all of the lawyers  
3 of that firm.

4           **H. Final.** The term “Final” means: (1) the date of final affirmation of the Final  
5 Approval from any appeal, the expiration of the time for, or the denial of, a petition to review the  
6 Final Approval, or if review is granted, the date of final affirmation of the Final Approval  
7 following review pursuant to that grant; or (2) the date of final dismissal of any appeal from the  
8 Final Approval or the final dismissal of any proceeding to review the Final Approval, provided  
9 that the Final Approval is affirmed and/or not reversed in any part; or (3) if no putative class  
10 members intervene but objections are filed, the expiration date of the time for the filing or noticing  
11 of any appeal from the Court’s Final Approval of the Settlement, as determined under Rule  
12 8.104(a)(3) of the California Rules of Court or (4) if no putative class members intervene and  
13 there are no objections, the date the Court enters the Final Approval Order and Final Judgment.

14           **I. Final Approval Order.** The term “Final Approval Order” means the Final  
15 Approval Order entered by the Court following the Final Fairness and Approval Hearing.

16           **J. Final Judgment.** The term “Final Judgment” means the Final Judgment entered  
17 by the Court following the Final Fairness and Approval Hearing.

18           **K. Date of Final Approval.** The terms “Date of Final Approval” or “Final  
19 Approval” as used herein mean the final formal judgment entered by the Court at the Final  
20 Fairness and Approval Hearing in accordance with the terms herein, approving this Agreement.

21           **L. Defendant.** The term “Defendant” as used herein means the named defendant in  
22 the Litigation, defendant Automatic Data Processing Insurance Agency, Inc.

23           **M. Employer Taxes.** The term “Employer Taxes” as used herein means the  
24 employer-funded share of taxes and contributions imposed on the wage portions of the Settlement  
25 Amount under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act,  
26 and/or any similar state taxes and contributions required of employers, such as for unemployment  
27 insurance. The Employer Taxes will be paid separately by Defendant in addition to and at the  
28 same time as the Settlement Amount.

1           **N.     Litigation.** The term “Litigation” as used herein means the operative civil  
2 complaint that was filed in California state court and any amendments thereto, which is currently  
3 captioned *Megan Arrington v. Automatic Data Processing Insurance Agency, Inc.*, Orange  
4 County Superior Court, Case No. 30-2019-01099994-CU-OE-CXC.

5           **O.     Named Plaintiff.** The term “Named Plaintiff” as used herein means the named  
6 plaintiff in the Litigation, Megan Arrington.

7           **P.     Net Settlement Amount.** The term “Net Settlement Amount” as used herein  
8 means the Settlement Amount minus any award of attorneys’ fees and Litigation costs,  
9 Administrative Costs to the Settlement Administrator, enhancement to the Named Plaintiff, and  
10 the State of California’s portion of the penalties allocated pursuant to California’s Private  
11 Attorney General Act (“PAGA”) (“PAGA Settlement”), as provided in Sections XIV, VIII, XV,  
12 XVI, and XVII respectively.

13           **Q.     Net Settlement Payments.** The term “Net Settlement Payment(s)” shall mean  
14 payments made to the Settlement Class as part of the Settlement, including wages, penalties and  
15 interest. The Class Members’ share of taxes for the wage portions of the Settlement Payment  
16 shall be withheld from each Net Settlement Payment.

17           **R.     Notice of Proposed Class Action Settlement.** “Notice of Proposed Class Action  
18 Settlement” or “Notice” shall mean the notice to be provided to all Settlement Class Members  
19 regarding the terms of this Settlement, substantially in the form attached hereto as **Exhibit A**.  
20 The Notice shall constitute class notice pursuant to California Rule of Court 3.769(f) and, once  
21 approved by the Court, shall be deemed compliant with California Rule of Court 3.766.

22           **S.     Preliminary Approval Order.** The term “Preliminary Approval Order” shall  
23 mean the order entered by the Court following the Preliminary Approval Hearing.

24           **T.     Settlement.** The term “Settlement” as used herein means this Agreement to  
25 resolve the Litigation.

26           **U.     Settlement Administrator.** The term “Settlement Administrator” as used herein  
27 means Phoenix Settlement Administrators which will be responsible for the administration of the  
28 Settlement Payment, as defined below, and all related matters.

1           **V. Settlement Agreement.** The terms “Settlement Agreement” or “Agreement” are  
2 used synonymously herein to mean this Stipulation of Settlement.

3           **W. Settlement Amount.** The terms “Settlement Amount” as used herein means the  
4 amount of eight hundred thirty-two thousand three hundred fifty-two dollars and ten cents  
5 (\$832,352.10), which shall be paid by Defendant under this Settlement Agreement. The Net  
6 Settlement Payments, Court approved attorneys’ fees and Litigation costs, Administrative Costs  
7 to the Settlement Administrator, enhancement to Named Plaintiff, and State of California’s  
8 portion of the PAGA Settlement shall be paid from the Settlement Amount, except as provided  
9 herein. Defendant will be separately responsible for any Employer Taxes as required by law,  
10 including FICA and FUTA, which shall not be paid from the Settlement Amount. The Settlement  
11 Amount shall be non-reversionary. The number of Settlement Class Members does not exceed  
12 123. The number of Eligible Workweeks does not exceed 14,662.

13           **X. Settlement Class.** For settlement purposes only, the Parties agree to the  
14 certification of a class pursuant to California Code of Civil Procedure § 382, defined as: All  
15 current and former non-exempt inside sales individuals employed by Defendant within the State  
16 of California at any time during the Class Period.

17           **II. BACKGROUND**

18           **A.** In the Litigation, the Named Plaintiff alleges, *inter alia*, on behalf of herself and  
19 all others similarly situated, that Defendant violated California state wage and hour laws and the  
20 California Business and Professions Code Section 17200 *et seq.*, and PAGA, as a result of  
21 Defendant’s California wage and hour policies and practices.

22           **B.** On September 5, 2019, Named Plaintiff sent her written notice to the LWDA  
23 under the PAGA, California Labor Code § 2698, *et seq.* Named Plaintiff subsequently filed her  
24 class and representative PAGA action complaint in Court on September 24, 2019. The operative  
25 Second Amended Complaint asserts claims for violations of California Labor Code §§ 201-203,  
26 226(a), 510, 558, 1194, and 2802, California Business & Professions Code § 17200, *et seq.*, and  
27 the PAGA, California Labor Code § 2698, *et seq.* Specifically, Named Plaintiff contends, by  
28 way of the Litigation, that Defendant failed to properly and timely pay overtime wages, failed to

1 pay overtime at the correct regular rate of pay, failed to provide accurate itemized wage  
2 statements, failed to reimburse business expenses, and engaged in unfair and unlawful business  
3 practices. Named Plaintiff further alleges that Defendant's failure to properly pay overtime  
4 wages resulted in the underpayment of wages to employees upon termination and/or resignation.  
5 Finally, as part of the Litigation, Named Plaintiff also alleges that Defendant's aforementioned  
6 wage and hour practices establish liability for penalties recoverable pursuant to the PAGA.

7 **B.** Class Counsel conducted informal discovery and investigation that yielded  
8 information and documentation concerning the claims set forth in the Litigation. As part of  
9 informal discovery, Defendant's counsel provided Class Counsel with Defendant's policies and  
10 procedures regarding the payment of overtime wages, the payment of commissions, and  
11 reimbursement of business expenses, a sampling of time and payroll records of putative class  
12 members, as well as data regarding the number of putative class members and aggrieved  
13 employees, the number of Eligible Workweeks, and the wage rates in effect during the Class  
14 Period.

15 **C.** Named Plaintiff and Class Counsel have engaged in good faith, arms-length  
16 negotiations with Defendant concerning possible settlement of the claims asserted in the  
17 Litigation. On September 1, 2020, the Parties participated in a full-day mediation before mediator  
18 Steven Serratore, Esq., a distinguished labor and employment mediator. After lengthy  
19 negotiations, the Parties ultimately reached an agreement to settle and resolve the Litigation on  
20 the terms and conditions stated in this Settlement Agreement, subject to the approval of the Court.

21 **D.** Class Counsel has conducted an investigation of the law and facts relating to the  
22 claims asserted in the Litigation and has concluded, taking into account the sharply contested  
23 issues involved, the expense and time necessary to pursue the Litigation through trial and any  
24 appeals, the risks and costs of further prosecution of the Litigation, the risk of an adverse outcome,  
25 the uncertainties of complex litigation, and the substantial benefits to be received by the Named  
26 Plaintiff and the members of the Settlement Class pursuant to this Stipulation for Settlement, that  
27 a settlement with Defendant on the terms and conditions set forth herein is fair, reasonable,  
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1 adequate, and in the best interests of the Settlement Class. Named Plaintiff, on behalf of herself  
2 and of the Settlement Class, has agreed to settle the Litigation on the terms set forth herein.

3 E. Defendant has concluded that, because of the substantial expense of defending  
4 against the Litigation, the length of time necessary to resolve the issues presented herein, the  
5 inconvenience involved, and the concomitant disruption to its business operations, it is in its best  
6 interests to accept the terms of this Agreement. Defendant denies each of the allegations and  
7 claims asserted against it in the Litigation. Defendant nevertheless desires to settle the Litigation  
8 for the purpose of avoiding the burden, expense and uncertainty of continuing litigation and for  
9 the purpose of putting to rest the controversies engendered by the Litigation.

10 F. This Agreement is intended to and does effectuate the full, final and complete  
11 resolution of all allegations and claims that were asserted, or could have been asserted, in the  
12 Litigation by Named Plaintiff and members of the Settlement Class as set forth in Section II.A.

13 **III. JURISDICTION**

14 The Court has jurisdiction over the Parties and the subject matter of this Litigation. The  
15 Litigation includes claims that, while Defendant denies them in their entirety, would, if proven,  
16 authorize the Court to grant relief pursuant to the applicable statutes. After the Court has granted  
17 Final Approval of the Settlement, pursuant to Code of Civil Procedure Section 664.6, the Court  
18 shall retain jurisdiction of this action solely for the purposes of interpreting, implementing, and  
19 enforcing this Settlement consistent with the terms set forth herein.

20 **IV. STIPULATION OF CLASS CERTIFICATION**

21 The Parties stipulate to the certification of the Settlement Class for purposes of Settlement  
22 only. This Stipulation is contingent upon the Preliminary and Final approval and certification of  
23 the Settlement Class only for purposes of settlement. Should the Settlement not become final,  
24 for whatever reason, the fact that the Parties were willing to stipulate provisionally to class  
25 certification as part of the Settlement shall have no bearing on, and shall not be admissible in  
26 connection with, the issue of whether a class should be certified in a non-settlement context in  
27 the Litigation. Defendant expressly reserves the right to oppose class certification and / or to  
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1 proactively move to deny class certification should this Settlement be modified or reversed on  
2 appeal or otherwise not become final.

3 **V. MOTION FOR PRELIMINARY APPROVAL**

4 Named Plaintiff will bring a motion before the Court for an order preliminarily approving  
5 the Settlement including the Notice of Proposed Class Action Settlement, which is attached as  
6 **Exhibit A**, and including conditional certification of the Settlement Class for settlement purposes  
7 only and will request that the Court enter the Preliminary Approval Order. The date that the  
8 Court grants Preliminary Approval of this Agreement will be the "Preliminary Approval Date."  
9 Class Counsel will prepare the Motion for Preliminary Approval.

10 **VI. STATEMENT OF NO ADMISSION**

11 **A.** Defendant expressly denies liability to Named Plaintiff and to the Settlement Class  
12 upon any claim or cause of action. This Agreement does not constitute, and is not intended to  
13 constitute, an admission by Defendant as to the merits, validity, or accuracy of any of the  
14 allegations or claims made against them in the Litigation.

15 **B.** Nothing in this Agreement, nor any action taken in implementation thereof, nor  
16 any statements, discussions or communications, nor any materials prepared, exchanged, issued  
17 or used during the course of the negotiations leading to this Agreement or the Settlement, is  
18 intended by the Parties to constitute, nor will any of the foregoing constitute, be introduced, be  
19 used or be admissible in any way in this case or any other judicial, arbitral, administrative,  
20 investigative or other forum or proceeding as evidence of any violation of any federal, state, or  
21 local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law  
22 or in equity. The Parties themselves agree not to introduce, use, or admit this Agreement, directly  
23 or indirectly, in this case or any other judicial, arbitral, administrative, investigative or other  
24 forum or proceeding, as purported evidence of any violation of any federal, state, or local law,  
25 statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity,  
26 or for any other purpose. Notwithstanding the foregoing, this Agreement may be used in support  
27 of the Parties' request for preliminary approval and for final approval of the Settlement, and in  
28 any proceeding before the Court that has as its purpose the interpretation, implementation, or



1 enforcement of this Agreement or any orders or judgments of the Court entered in connection  
2 with the Settlement.

3       **C.**     None of the documents produced or created by Named Plaintiff or the Settlement  
4 Class in connection with the claims procedures or claims resolution procedures constitute, and  
5 they are not intended to constitute, an admission by Defendant of any violation of any federal,  
6 state, or local law, statute, ordinance, regulation, rule or executive order, any California Wage  
7 Order, or any obligation or duty at law or in equity.

8       **D.**     The Parties agree that class certification pursuant to California Code of Civil  
9 Procedure Section 382 under the terms of this Agreement is for settlement purposes only.  
10 Nothing in this Agreement will be construed as an admission or acknowledgement of any kind  
11 that any class should be certified or given collective treatment in the Litigation or in any other  
12 action or proceeding. Further, neither this Agreement nor the Court's actions with regard to this  
13 Agreement will be admissible in any court or other tribunal regarding the propriety of class  
14 certification or collective treatment. In the event that this Agreement is not approved by the Court  
15 or any appellate court, is terminated, or otherwise fails to be enforceable, Named Plaintiff will  
16 not be deemed to have waived, limited or affected in any way any claims, rights or remedies in  
17 the Litigation, and Defendant will not be deemed to have waived, limited, or affected in any way  
18 any of its objections or defenses in the Litigation.

19 **VII. WAIVER, RELEASE, DISMISSAL, AND CONFIDENTIALITY**

20       **A.     Release as to All Settlement Class Members.**

21       Upon the Final Approval Order and Final Judgment becoming Final, Named Plaintiff and  
22 all members of the Settlement Class, except those that make a valid and timely request to be  
23 excluded from the Settlement Class and Settlement, waive, release, discharge, and promise never  
24 to assert in any forum the following claims against Defendant, its past and present officers,  
25 directors, shareholders, unit holders, managers, employees, agents, principals, heirs,  
26 representatives, accountants, auditors, consultants, and its respective successors and predecessors  
27 in interest, subsidiaries, affiliates, related entities, parents, agents, assigns, insurers, re-insurers,  
28 and attorneys of any of them from all claims, demands, rights, liabilities and causes of action that

1 were pled or which could have been pled in the Complaint, First Amended Complaint, Second  
2 Amended Complaint, and/or Plaintiff's notice submitted to the LWDA in the Litigation, based  
3 on the factual allegations therein, that arose during the Class Period with respect to the following  
4 claims: (a) failure to properly and timely pay overtime wages and sick leave wages; (b) failure to  
5 provide accurate, itemized wage statements under Labor Code §§ 226 and 226.3; (c) violation of  
6 Labor Code §§ 201-204; (d) failure to reimburse all reasonable and necessary business expenses  
7 under Labor Code § 2802; and (e) all damages, penalties, interest and other amounts recoverable  
8 under said causes of action under California and federal law, to the extent permissible, including  
9 but not limited to the California Labor Code, the applicable Wage Orders, Business & Professions  
10 Code §§ 17200, *et seq.*, and the Private Attorneys General Act of 2004, Labor Code §§ 2698, *et*  
11 *seq.*, based on the facts and causes of action as alleged in the Complaint, First Amended  
12 Complaint, Second Amended Complaint, and/or Plaintiff's notice submitted to the LWDA.

13 **B. General Release by Named Plaintiff Only.**

14 In addition to the release made in Section VII.A., upon the date the settlement becomes  
15 Final, Named Plaintiff individually makes the additional following general release of all claims,  
16 known or unknown.

17 Named Plaintiff individually releases Defendant, its past and present officers, directors,  
18 shareholders, unit holders, managers, employees, agents, principals, heirs, representatives,  
19 accountants, auditors, consultants, and its respective successors and predecessors in interest,  
20 subsidiaries, affiliates, related entities, parents, agents, assigns, insurers, re-insurers, and  
21 attorneys of any of them, from all claims, demands, rights, liabilities and causes of action of every  
22 nature and description whatsoever, known or unknown, asserted or that might have been asserted,  
23 whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising  
24 out of, relating to, or in connection with any act or omission by or on the part of any Defendant.  
25 (The release set forth in this Paragraph B shall be referred to hereinafter as the "General  
26 Release.")

27 With respect to the General Release, Named Plaintiff stipulates and agrees that, upon the  
28 Date of Final Approval, Named Plaintiff shall be deemed to have, expressly waived and

1 relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section  
2 1542 of the California Civil Code, or any other similar provision under federal or state law, which  
3 provides:

4 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE**  
5 **CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT**  
6 **TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE**  
7 **RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE**  
8 **MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE**  
9 **DEBTOR OR RELEASED PARTY.**

10 Accordingly, if the facts relating in any manner to this Settlement are found hereafter to be other  
11 than or different from the facts now believed to be true, the release of claims contained herein  
12 shall be effective as to all unknown claims.

13 **C. Publicity.**

14 Named Plaintiff, Class Counsel, and Counsel for Defendant agree that they have not and  
15 will not discuss, disclose, or communicate the Litigation, other than pursuant to the terms of  
16 Section VII.C., below, of this Agreement. Named Plaintiff, Class Counsel, and Counsel for  
17 Defendant also agree that they have not and will not publish the Litigation. Named Plaintiff, in  
18 response to inquiries, will state that that “the Litigation was resolved.” Class Counsel shall not  
19 report the Litigation in any medium or in any publication (with the exception of the dissemination  
20 of the Notice of Proposed Class Action Settlement to Settlement Class Members), shall not post  
21 or report anything regarding the Litigation on their websites, and shall not contact the press,  
22 reporters or general media regarding the Litigation. As used herein, “press, reporters, or general  
23 media” shall refer to and include newspapers, periodicals, magazines, online publications, social  
24 media platforms, and television and radio stations and programs, and any representative of the  
25 foregoing. Upon receipt of an inquiry from the press, reporters, or general media, Class Counsel  
26 and Counsel for Defendant shall respond “we have no comment.” However, Named Plaintiff’s  
27 attorneys are authorized to disclose the Litigation, Settlement, and the terms of this Agreement  
28 to the Court and the California Labor Workforce Development Agency (“LWDA”) to the extent  
necessary to obtain the approval of the Settlement and/or to enforce the Settlement Agreement.  
Nothing herein shall prevent Class Counsel or the Settlement Administrator from communicating

1 with Named Plaintiff and members of the Settlement Class and the LWDA regarding the terms  
2 of this Stipulation and/or the Settlement. However, for the limited purpose of allowing Class  
3 Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the  
4 name of the Parties in this action, the venue/case number of this action, and the fact this action  
5 settled on a class-wide basis (but not any other settlement details) for such purposes.

6 **VIII. SETTLEMENT ADMINISTRATOR**

7 Named Plaintiff and Defendant, through their respective counsel, have selected Phoenix  
8 Settlement Administrators as the Settlement Administrator to administer the Settlement, which  
9 includes but is not limited to establishing and maintaining a Qualified Settlement Fund account;  
10 printing, mailing, distributing the Notice of Proposed Class Action Settlement (including  
11 obtaining updated class member addresses, performing a National Change of Address search,  
12 and/or skip-tracing, and performing any necessary re-printing and re-mailing of returned  
13 Notices); establishing a toll-free number to respond to inquiries regarding the Settlement;  
14 determining the validity of the opt-outs; keeping track of opt-outs and objections; calculating all  
15 amounts to be paid from the Settlement, including the amount of the Settlement each Settlement  
16 Class Member is eligible to receive, the amount of all payroll tax deductions to be withheld or  
17 backup withholdings, deducting appropriate tax withholdings and paying them to the appropriate  
18 government entity; issuing and mailing checks for individual settlement payments for attorneys'  
19 fees and litigation costs, enhancements to the Named Plaintiff, and penalties to the LWDA under  
20 PAGA; providing Class Counsel and Counsel for Defendant with weekly updates on the status  
21 of Settlement administration (including numbers and percentages of mailed Notices, returned  
22 Notices, re-mailed Notices, undeliverable Notices, opt-outs, and objections); providing  
23 declarations and/or reports as required by the Court; and for any other tasks that the Parties may  
24 mutually agree or the Court orders the Settlement Administrator to perform. Charges and  
25 expenses of the Settlement Administrator are estimated not to exceed \$6,750.00 and will be paid  
26 from the Settlement Amount. Any charges and expenses of the Settlement Administrator greater  
27 than the estimated \$6,750.00 will be paid from the Settlement Amount. If the actual Settlement  
28 Administrator fees are less than the Parties' estimation, the remainder of the estimated Settlement

1 Administrator fees will be part of the Net Settlement Amount to be distributed to Settlement Class  
2 Members.

3 **IX. NOTICE, OBJECTIONS, AND EXCLUSION RIGHTS**

4 **A. Class Notice.**

5 Named Plaintiff and Defendant, through their respective attorneys, have jointly prepared  
6 a Notice of Class Action and Proposed Settlement (the "Notice") that will be provided to the  
7 members of the Settlement Class through the following procedure:

8 As soon as practicable following Preliminary Approval of the Settlement, but no later than  
9 fourteen (14) days after the Court's Preliminary Approval order, Defendant will provide to the  
10 Settlement Administrator, confidentially, the following information about each Settlement Class  
11 member: (1) full name; (2) last known mailing address and telephone number; (3) number of  
12 workweeks each Settlement Class Member worked during the Class Period based on dates of  
13 employment; and (4) Social Security number (collectively the "Class List"). The Class List shall  
14 be formatted in Microsoft Office Excel or equivalent format.

15 The Settlement Administrator shall run all the addresses provided through the United  
16 States Postal Service National Change of Address database (which provides updated addresses  
17 for any individual who has moved in the previous four years who has notified the U.S. Postal  
18 Service of a forwarding address) to obtain current address information. The Settlement  
19 Administrator shall mail the Notice to the members of the Settlement Class via first-class regular  
20 U.S. Mail using the most current mailing address information available within ten (10) calendar  
21 days after the receipt of the Class List from Defendant.

22 The Notice will include information regarding the nature of the Litigation; a summary of  
23 the principal terms of the Settlement; the definition of the Settlement Class member and the dates  
24 of the Class Period; a statement that the Court has preliminarily approved the Settlement; the  
25 procedure, time period, and deadline for objecting to the Settlement; the date and location of the  
26 Final Approval hearing; information regarding the opt-out procedure, instructions, and the  
27 deadline to do so; the claims to be released; Defendant's calculation of the number of workweeks  
28 during the Class Period; and the estimated individual settlement payment the Settlement Class

1 member will receive if they do not validly opt-out of the Settlement. The deadline for Settlement  
2 Class Members to postmark their opt-out request or to object to the Settlement will be sixty (60)  
3 calendar days from the initial mailing of the Notice by the Settlement Administrator, unless the  
4 60th day falls on a Sunday or State holiday, in which case the deadline will be extended to the  
5 next day on which the U.S. Postal Service is open. The Notice will inform Settlement Class  
6 members that in order to receive their individual settlement payment, they do not need to do  
7 anything except keep the Settlement Administrator apprised of their current mailing addresses.

8 If a Notice is returned from the initial notice mailing, the Settlement Administrator will  
9 attempt to determine the correct address using address skip tracing, or another search method, in  
10 an attempt to locate a more current address for re-mailing. If the Settlement Administrator is  
11 successful in locating a new address, it will promptly re-mail the Notice to the Settlement Class  
12 member via regular First-Class U.S. Mail. Further, any Notices returned with a forwarding  
13 address to the Settlement Administrator, as non-deliverable before the deadline date, shall be sent  
14 to the forwarding address affixed thereto. If the Settlement Administrator is unsuccessful in  
15 locating a new address, it will re-mail the Notice to the original address it had for the Settlement  
16 Class member. Settlement Class Members who receive a re-mailed Notice shall have their  
17 deadlines to opt-out or object to the Settlement extended fifteen (15) days from the original  
18 deadlines.

19 No later than twenty-five (25) days prior to the Final Approval Hearing, the Settlement  
20 Administrator shall provide Counsel for Defendant and Class Counsel with a declaration attesting  
21 to the completion of the Notice process, including the number of attempts to obtain valid mailing  
22 addresses for and re-sending of any returned Notices, as well as the number of valid opt-outs and  
23 deficiencies which the Settlement Administrator received.

24 **B. Objections.**

25 In order for any Settlement Class member to object to this Settlement, or any term of it,  
26 the person making the objection must not submit a request for exclusion (i.e., must not opt out)  
27 and should, by no later than sixty (60) days after the Notice of Proposed Class Action Settlement  
28 was initially mailed to the Settlement Class members, mail to the Settlement Administrator a

1 written statement of the grounds of objection. The written objection must include: (i) the  
2 objector's full name, signature, address, and telephone number, (ii) a written statement of all  
3 grounds for the objection accompanied by any legal support for such objection; and (iii) copies  
4 of any papers, briefs, or other documents upon which the objection is based. The objection  
5 should clearly explain why the Settlement Class member objects to the Settlement and state  
6 whether the Settlement Class member (or someone on his or her behalf) intends to appear at the  
7 Final Approval Hearing. The Settlement Administrator shall immediately upon receipt transmit  
8 to the Parties' counsel copies of all objections and supporting papers. The Parties then shall file  
9 the objections and all supporting papers with the Court as soon as practicable but not more than  
10 three (3) business days after receipt. Alternatively, even if a Settlement Class member does not  
11 submit a written objection, a Settlement Class member may also appear personally or through an  
12 attorney, at his or her own expense, at the Final Approval hearing to present his or her objection  
13 directly to the Court. Class Counsel will not represent any Class Members with respect to any  
14 such objection(s) to the Settlement. Any attorney who will represent an individual objecting to  
15 this Settlement must file a notice of appearance with the Court and serve Class Counsel and  
16 Defense Counsel. If a Settlement Class member objects to this Settlement, the Settlement Class  
17 member will remain a member of the Settlement Class and if the Court approves this Agreement,  
18 the Settlement Class member will be bound by the terms of the Settlement and Final Approval in  
19 the same way and to the same extent as a settlement class member who does not object. The date  
20 of mailing of the Notice of Proposed Class Action Settlement to the objecting Settlement Class  
21 member shall be conclusively determined according to the records of the Settlement  
22 Administrator. The Court retains final authority with respect to the consideration and  
23 admissibility of any Settlement Class member objections. At no time will any of the Parties or  
24 their counsel seek to solicit or otherwise encourage Class Members to submit written objections  
25 to the Settlement or appeal from the Order and Judgment.

26 **C. Opportunity to be Excluded.**

27 In order for any Settlement Class member to validly exclude himself or herself from the  
28 Settlement (i.e., to validly opt out), the Settlement Class member can submit a written request for

1 exclusion (“Request to be Excluded”). For a Request to be Excluded to be valid, it must contain:  
2 (i) the name, address, telephone number; (ii) be signed by the Settlement Class member; (iii)  
3 clearly state that the Class Member does not wish to be included in the Settlement (i.e. “I hereby  
4 request to be excluded from the Class Action Settlement in *Arrington v. Automatic Data*  
5 *Processing Insurance Agency, Inc.*,” or words to the similar effect); and (v) be faxed or  
6 postmarked to the Settlement Administrator, by no later than sixty (60) calendar days after the  
7 date the Settlement Administrator initially mails the Notice of Proposed Class Action Settlement  
8 to the Settlement Class members. The Notice of Proposed Class Action Settlement shall contain  
9 instructions on how to opt out.

10 The date of the initial mailing of the Notice, and the date the Request to be Excluded was  
11 postmarked, shall be conclusively determined according to the records of the Settlement  
12 Administrator. The postmark date of the Request to be Excluded shall be the exclusive means to  
13 determine whether said Request to be Excluded is timely submitted. Any Settlement Class  
14 member who timely and validly submits a request to be excluded from the Settlement Class and  
15 this Settlement will not be entitled to any individual settlement payment, will not be bound by  
16 the terms and conditions of this Settlement, and will not have any right to object, appeal, or  
17 comment thereon. Any member of the Settlement Class who does not timely file and mail a  
18 Request to be Excluded from the Settlement Class will be deemed included in the Settlement  
19 Class in accordance with this Settlement. Named Plaintiff waives any right to be excluded from  
20 the Settlement Class.

21 **D. Non-Cooperation.**

22 The Parties and their counsel agree not to encourage members of the Settlement Class to  
23 opt out of this settlement, or to object to the Settlement, directly or indirectly, through any means.  
24 If a Settlement Class member contacts Class Counsel, Class Counsel may objectively discuss the  
25 terms of the Settlement and the Settlement Class member’s options.  
26  
27  
28



1    **X.    CLAIMS PROCEDURE**

2           Settlement Class members shall **not** be required to submit a claim form to participate in  
3 the Settlement. Named Plaintiff and Defendant have agreed upon the following procedure to  
4 resolve all claims during the Class Period.

5           In the Notice of Proposed Class Action Settlement, each member of the Settlement Class  
6 will receive a calculation of the total number of workweeks the Settlement Class member worked  
7 as a non-exempt inside salesperson in California during the Class Period (hereinafter “Eligible  
8 Workweeks”), as well as the Settlement Class Member’s estimated Net Settlement Payment.  
9 Periods of non-membership in the Class (i.e., in an exempt position or outside California or  
10 outside the Class Period) are excluded from the Eligible Workweeks calculation.

11           If the member of the Settlement Class disputes the number of Eligible Workweeks set  
12 forth in the Notice, such person must follow the directions in the Notice, including preparing a  
13 statement setting forth the number of Eligible Workweeks that such person believes in good faith  
14 is correct and stating that the member of the Settlement Class authorizes the Settlement  
15 Administrator to review the Settlement Class member’s personnel file to determine such  
16 information and attaching any relevant documentation in support thereof. The member of the  
17 Settlement Class must mail the signed and completed statement no later than sixty (60) days after  
18 the date of the mailing of the Notice, or the number of Eligible Workweeks set forth in the Notice  
19 will govern the Net Settlement Payments to the members of the Settlement Class.

20           Upon timely receipt of any such challenge, the Settlement Administrator, in consultation  
21 with Class Counsel and Counsel for Defendant, will review the pertinent payroll records showing  
22 the dates the Settlement Class member was employed and the pertinent leave(s) taken, which  
23 records Defendant agrees to make available to the Settlement Administrator.

24           After consulting with Class Counsel and Counsel for Defendant, the Settlement  
25 Administrator shall compute the number of Eligible Workweeks to be used in computing the  
26 Settlement Class member’s pro rata share of the Net Settlement Amount. In the event there is a  
27 disparity between the dates a Settlement Class member claims he or she worked during the Class  
28 Period and the dates indicated by Defendant’s records, Defendant’s records will control unless

1 inconsistent with paycheck stub(s) (or bona fide copies thereof) provided by the Settlement Class  
2 member, in which case the paycheck stub(s) will control. The Settlement Administrator's  
3 decision as to the total number of Eligible Workweeks shall be final and binding and non-  
4 appealable. The Settlement Administrator shall send written notice of the decision on any such  
5 claim to the Settlement Class member, to Class Counsel, and Counsel for Defendant within ten  
6 (10) calendar days of receipt of the dispute.

7 **XI. FINAL APPROVAL HEARING AND ENTRY OF FINAL APPROVAL ORDER**  
8 **AND FINAL JUDGMENT**

9 Upon expiration of the Objection/Exclusion Deadlines, on the date set forth in the  
10 Preliminary Approval Order, a Final Approval Hearing shall be conducted in order to: (1) review  
11 this Settlement and determine whether the Court should give it final approval; (2) consider any  
12 objections submitted by Settlement Class members; and (3) consider Class Counsel's request for  
13 attorney's fees and costs, the Named Plaintiff's Enhancement Award, and the requested  
14 Administrative Costs.

15 At the Final Approval Hearing, Named Plaintiff, through Class Counsel, shall ask the  
16 Court to grant final approval to this Settlement and shall submit a Final Approval Order and a  
17 Final Judgment, to the Court for its approval. The Parties shall take all reasonable efforts to  
18 secure entry of the Final Approval Order and Final Judgment.

19 **XII. COMPUTATION AND DISTRIBUTION OF PAYMENTS**

20 **A. Distribution Formula.**

21 Members of the Settlement Class who do not opt out will receive their individual  
22 settlement payment as good and valuable consideration for the waiver and release of claims set  
23 forth in Section VII.A., above, in an amount determined by the Settlement Administrator in  
24 accordance with the provisions of this Agreement. The individual settlement payment to each  
25 member of the Settlement Class not excluding him/herself will be determined by dividing the Net  
26 Settlement Amount by the total number of Eligible Workweeks calculated for all members of the  
27 Settlement Class during the Class Period (the "Workweek Amount") and then multiplying the  
28 Workweek Amount by the number of Eligible Workweeks worked by the individual Settlement

1 Class Member during the Class Period as determined by the Settlement Administrator in  
2 accordance with Section X, above, less any applicable withholding taxes based on the Parties  
3 stipulated allocation of the Net Settlement Amount as provided for in Section XVI, below.

4 **B. Funding of Settlement.**

5 Within thirty (30) calendar days after the agreement becomes Final, Defendant will  
6 deposit into a Qualified Settlement Fund the total Settlement Amount of eight hundred thirty-two  
7 thousand three hundred fifty-two dollars and ten cents (\$832,352.10). The Net Settlement  
8 Payments, Court approved enhancement to Named Plaintiff, Court approved attorney's fees and  
9 Litigation costs, Claims Administration Costs and the PAGA payment to the LWDA will be paid  
10 from the Settlement Amount. At no time prior to the date on which the Settlement becomes  
11 Final shall Defendant be required to escrow any portion of the Settlement Amount.

12 **C. Time for Distribution.**

13 Within fifteen (15) calendar days following receipt of the Settlement funds from  
14 Defendant, the Settlement Administrator shall mail the Net Settlement Payments to Settlement  
15 Class members, State of California portion of the PAGA Settlement, Class Counsel's attorneys'  
16 fees and costs, and Court approved enhancement to Named Plaintiff. Also, within the same 15-  
17 day period, the Settlement Administrator shall deduct its Administrative Costs from the  
18 Settlement Amount. If a settlement check mailed to any Settlement Class member is returned as  
19 undeliverable, the Settlement Administrator will conduct address skip tracing to locate a more  
20 current address for re-mailing. The Settlement Administrator will then promptly re-mail the  
21 settlement check to the Settlement Class member.

22 Settlement checks shall remain negotiable for one hundred and eighty (180) days from  
23 the date of mailing. If settlement check remains uncashed after one 180 days from issuance, the  
24 Settlement Administrator shall transfer the value of the uncashed checks, plus any interest that  
25 has accrued thereon, to Legal Aid at Work in the name of the Settlement Class member. The  
26 Settlement Administrator shall void any tax documents issued to Settlement Class members who  
27 did not cash their checks within 180 days of issuance. In such event, such Settlement Class  
28 member shall nevertheless remain bound by the Settlement. Prior to the Final Approval hearing,

1 the Parties shall provide the Court the total amount that will be payable to the Settlement Class  
2 member. The Parties also shall request that the Court set a date for the Parties to report to the  
3 Court the total amount that was actually paid to Settlement Class members.

4 **XIII. NO CONTRIBUTIONS TO EMPLOYEE BENEFIT PLAN**

5 The amounts paid under this Agreement do not represent a modification of any previously  
6 credited hours of service under any employee benefit plan, policy or bonus program sponsored  
7 by Defendant. Such amounts will not form the basis for additional contributions to, benefits  
8 under, or any other monetary entitlement under, benefit plans (self-insured or not) sponsored by  
9 Defendant's, policies or bonus programs. Any payments made under the terms of this Settlement  
10 shall not be applied retroactively, currently or on a going forward basis as salary, earnings, wages,  
11 or any other form of compensation for the purposes of Defendant's benefit plan, policy or bonus  
12 program. Defendant retains the right to modify the language of their benefit plans, policies and  
13 bonus programs to effect this intent and to make clear that any amounts paid pursuant to this  
14 Settlement are not for "hours worked," "hours paid," "hours of service," or any similar measuring  
15 term as defined by applicable plans, policies and bonus programs for purpose of eligibility,  
16 vesting, benefit accrual or any other purpose, and that additional contributions or benefits are not  
17 required by this Settlement.

18 **XIV. ATTORNEYS' FEES AND LITIGATION COSTS**

19 **A. Class Counsel Attorneys' Fees and Litigation Costs.**

20 Defendant shall not oppose an application by Class Counsel for, and Class Counsel shall  
21 not seek or receive an amount in excess of, 33<sup>1</sup>/<sub>3</sub>% of the Settlement Amount, or \$277,450.70,  
22 for all past and future attorneys' fees necessary to prosecute, settle and administer the Litigation  
23 and this Settlement. Additionally, Defendant shall not oppose an application by Class Counsel  
24 for, and Class Counsel shall not seek or receive an amount in excess of thirty thousand dollars  
25 (\$30,000.00), which represents all past and future Litigation costs and expenses necessary to  
26 prosecute, settle and administer the Litigation and this Settlement. Any attorneys' fees or  
27 Litigation costs awarded to Class Counsel by the Court shall be deducted from the Settlement  
28 Amount for the purpose of determining the Net Settlement Amount. The "future" aspect of these

1 amounts include, without limitation, all time and expenses expended by Class Counsel in  
2 defending the Settlement and securing Final Approval (including any appeals therein).

3       There will be no additional charge of any kind to either the members of the Settlement  
4 Class or request for additional consideration from Defendant for such work. This amount shall  
5 include all attorneys' fees, Litigation costs and expenses for which Named Plaintiff and Class  
6 Counsel could claim under any legal theory whatsoever. Within fifteen (15) calendar days  
7 following receipt of the Settlement funds from Defendant, the Settlement Administrator shall  
8 disburse payment from the Settlement Amount for the amount of attorneys' fees and Litigation  
9 costs approved by the Court to Class Counsel. Should the Court approve a lesser percentage or  
10 amount of fees and/or Litigation costs than the amount that Class Counsel ultimately seeks, then  
11 the unapproved portion or portions shall become part of the Net Settlement Amount.

12 **XV. ENHANCEMENT TO NAMED PLAINTIFF**

13       Defendant shall not oppose an application by Named Plaintiff, and Named Plaintiff shall  
14 not seek or receive an amount in excess of ten thousand dollars and zero cents (\$10,000.00), for  
15 participation in and assistance with the Litigation. This amount is separate and distinct from  
16 Named Plaintiff's individual Net Settlement Payment amount. Any enhancement awarded to  
17 Named Plaintiff by the Court shall be deducted from the Settlement Amount for the purpose of  
18 determining the Net Settlement Amount, and shall be reported on IRS Form 1099. If the Court  
19 approves an enhancement of less than \$10,000.00 to Named Plaintiff, any unapproved portion or  
20 portions shall become part of the Net Settlement Amount.

21 **XVI. TAXATION AND ALLOCATION**

22       The amount paid to each participating Settlement Class member shall be net of the  
23 participating Settlement Class member's share of all federal, state and local taxes and required  
24 withholdings, including without limitation, FICA, Medicare tax, FUTA, and state unemployment  
25 taxes. The Employer Taxes for Defendant's share of taxes for the wage portions of the Settlement  
26 Payment shall be paid by Defendant separately and in addition to Defendant's payment of the  
27 Settlement Amount. The Parties agree that all employment taxes and other legally required  
28 withholdings will be withheld from payments to the members of the Settlement Class and Named

1 Plaintiff based on the Parties stipulated allocation of the Net Settlement Amount as provided for  
2 in this Section. The amount of federal income tax withholding will be based upon a flat  
3 withholding rate for supplemental wage payments in accordance with Treas. Reg. § 31.3402(g)-  
4 1(a)(2) as amended or supplemented.

5 Income tax withholding will also be made pursuant to applicable state and/or local  
6 withholding codes or regulations. For withholding tax characterization purposes and payment of  
7 taxes, the Net Settlement Amount shall be deemed and is allocated by the Parties as follows (“Net  
8 Settlement Allocation”): (1) 20% as wages; (2) 40% as penalties; and (3) 40% as interest.

9 Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by  
10 the Internal Revenue Code of 1986 (the “Code”) and consistent with this Agreement. If the Code,  
11 the regulations promulgated thereunder, or other applicable tax law, is changed after the date of  
12 this Agreement, the processes set forth in this Section may be modified in a manner to bring  
13 Defendant into compliance with any such changes.

14 **CIRCULAR 230 DISCLAIMER.** EACH PARTY TO THIS STIPULATION OF  
15 SETTLEMENT (FOR PURPOSES OF THIS SECTION, THE  
16 “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS STIPULATION  
17 OF SETTLEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN  
18 “OTHER PARTY” ACKNOWLEDGES AND AGREES THAT (1) NO  
19 PROVISION OF THIS STIPULATION OF SETTLEMENT, AND NO WRITTEN  
20 COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE  
21 PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS  
22 INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR  
23 DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON  
24 AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES  
25 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS  
26 AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED  
27 EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL  
28 AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN  
CONNECTION WITH THIS STIPULATION OF SETTLEMENT, (B) HAS NOT  
ENTERED INTO THIS STIPULATION OF SETTLEMENT BASED UPON THE  
RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR  
ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY  
UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY  
OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY  
THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND  
(3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED  
ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY  
SUCH ATTORNEY’S OR ADVISER’S TAX STRATEGIES (REGARDLESS OF  
WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON

1 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX  
2 TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING  
3 ANY TRANSACTION CONTEMPLATED BY THIS STIPULATION OF  
SETTLEMENT.

4 **XVII. PRIVATE ATTORNEY GENERAL ACT ALLOCATION**

5 In order to implement the terms of this Settlement and to settle claims alleged under the  
6 Private Attorneys' General Act ("PAGA"), California Labor Code section 2698 *et seq.*, the  
7 Parties agree to allocate forty thousand dollars and zero cents (\$40,000.00) of the Settlement  
8 Amount as the PAGA Settlement. Pursuant to the PAGA, seventy-five percent, or the sum of  
9 \$30,000.00, will be paid to the LWDA, and twenty-five percent, or the sum of \$10,000.00, will  
10 become part of the Net Settlement to be paid to Settlement Class members. Within fifteen (15)  
11 calendar days following receipt of the Settlement funds from Defendant, the Settlement  
12 Administrator shall disburse the \$30,000.00 to the LWDA.

13 **XVIII. COURT APPROVAL**

14 This Agreement and the Settlement is contingent upon Final Approval by the Court.  
15 Named Plaintiff and Defendant agree to take all steps as may be reasonably necessary to secure  
16 Preliminary Approval and Final Approval of the Settlement, to the extent not inconsistent with  
17 the terms of this Agreement, and will not take any action adverse to each other in obtaining Court  
18 approval, and, if necessary, appellate approval, of the Settlement in all respects. Named Plaintiff  
19 and Defendant expressly agree that they will not file any objection to the terms of this Stipulation  
20 of Settlement or assist or encourage any person or entity to file any such objection.

21 **XIX. MISCELLANEOUS PROVISIONS**

22 **A. Stay of Litigation.**

23 Named Plaintiff and Defendant agree to the stay of all discovery in the Litigation, pending  
24 Final Approval of the Settlement by the Court.

25 **B. Interpretation of the Agreement.**

26 This Agreement constitutes the entire agreement between Named Plaintiff and Defendant.  
27 Except as expressly provided herein, this Agreement has not been executed in reliance upon any  
28 other written or oral representations or terms, and no such extrinsic oral or written representations

1 or terms shall modify, vary or contradict its terms. In entering into this Agreement, the Parties  
2 agree that this Agreement is to be construed according to its terms and may not be varied or  
3 contradicted by extrinsic evidence. The Agreement will be interpreted and enforced under the  
4 laws of the State of California, both in its procedural and substantive aspects, without regard to  
5 its conflict of laws provisions. Any claim arising out of or relating to the Agreement, or the  
6 subject matter hereof, will be resolved solely and exclusively in the Superior Court of the State  
7 of California for the County of Orange, and Named Plaintiff and Defendant hereby consent to the  
8 personal jurisdiction of the Court over them solely in connection therewith. Named Plaintiff, on  
9 her own behalf and on behalf of the Settlement Class, and Defendant participated in the  
10 negotiation and drafting of this Agreement and had available to them the advice and assistance  
11 of independent counsel. As such, neither Named Plaintiff nor Defendant may claim that any  
12 ambiguity in this Agreement should be construed against the other. The terms and conditions of  
13 this Agreement constitute the exclusive and final understanding and expression of all agreements  
14 between Named Plaintiff and Defendant with respect to the Settlement of the Litigation. The  
15 Agreement may be modified only by a writing signed by the original signatories and approved  
16 by the Court.

17 **C. Further Cooperation.**

18 Named Plaintiff and Defendant and their respective attorneys shall proceed diligently to  
19 prepare and execute all documents, to seek the necessary approvals from the Court, and to do all  
20 things reasonably necessary or convenient to consummate the Agreement as expeditiously as  
21 possible.

22 **D. Confidentiality of Documents.**

23 After the expiration of any appeals period, Named Plaintiff, the Settlement Administrator,  
24 and Class Counsel shall maintain the confidentiality of all documents, deposition transcripts,  
25 written discovery, declarations and other information obtained in the lawsuit, unless necessary  
26 for appeal or such documents are ordered to be disclosed by the Court or by a subpoena.  
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**E. Counterparts.**

The Agreement may be executed in one or more actual or non-original counterparts, all of which will be considered one and the same instrument and all of which will be considered duplicate originals. Additionally, signatures delivered via facsimile or electronic transmission, including pdf or DocuSign signatures, shall have the same force, validity and effect as the originals thereof.

**F. Authority.**

Each individual signing below warrants that he or she has the authority to execute this Agreement on behalf of the party for whom or which that individual signs.

**G. No Third Party Beneficiaries.**

Named Plaintiff, members of the Settlement Class, and Defendant are direct beneficiaries of this Agreement, and there are no third party beneficiaries.

**H. Force Majeure.**

The failure of any party to perform any of its obligations hereunder shall not subject such party to any liability or remedy for damages, or otherwise, where such failure is occasioned in whole or in part by acts of God, fires, accidents, earthquakes, other natural disasters, explosions, floods, wars, interruptions or delays in transportation, power outages, labor disputes or shortages, shortages of material or supplies, governmental laws, restrictions, rules or regulations, sabotage, terrorist acts, acts or failures to act of any third parties, or any other similar or different circumstances or causes beyond the reasonable control of such party.

**I. Deadlines Falling on Weekends or Holidays.**

To the extent that any deadline set forth in this Agreement falls on a Saturday, Sunday, or legal holiday, that deadline shall be continued until the following business day.

**J. Severability.**

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall in no way effect any other provision if Defense Counsel and Class Counsel, on behalf of the Parties and the Settlement Class, mutually elect in writing to proceed as if such

1 invalid, illegal, or unenforceable provision had never been included in this Agreement. Before  
2 declaring any provision of this Agreement invalid, the Court shall first attempt to construe the  
3 provisions as valid and enforceable to the fullest extent possible consistent with applicable law.

4 **K. Right to Terminate Settlement**

5 If ten percent (10%) or more members of the Settlement Class members exercise their  
6 rights to exclude themselves and opt out of the Settlement, Defendant may, in its sole discretion,  
7 unilaterally withdraw from and terminate the Settlement no later than five (5) days prior to the  
8 date of the Final Approval Hearing. In the event of Defendant's withdrawal, no party may use  
9 the fact that the Parties agreed to the Resolution for any reason. Moreover, in the event that  
10 Defendant elects to terminate this Settlement, Defendant shall pay all of the Administrative Costs  
11 incurred by the Settlement Administrator up to that point.

12 **L. Successors and Assigns**

13 This Settlement Agreement shall be binding upon, and inure to the benefit of, the  
14 successors or assigns of the Parties hereto, as previously defined.

15 **M. Non-Approval of Settlement**

16 In the event that this Settlement is not granted final approval, this Agreement shall be  
17 deemed void *ab initio* and the Parties shall be returned to their respective positions as though this  
18 Agreement was never executed, including with respect to any releases of claims. Under these  
19 circumstances the Parties shall split equally the Administrative Costs incurred to that point.

20 **N. Jurisdiction of the Court and Venue**

21 The Parties agree that this Settlement Agreement shall be enforceable by the Court  
22 pursuant to California Code of Civil Procedure Section 664.6. The Court shall retain jurisdiction  
23 with respect to the interpretation, implementation, and enforcement of the terms of this Settlement  
24 Agreement and all orders and judgments entered in connection therewith, and the Parties and  
25 their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing,  
26 and enforcing the settlement embodied in this Settlement Agreement and all orders and judgments  
27 entered in connection therewith. Any adjudicated dispute regarding the interpretation or validity  
28 of or otherwise arising out of this Settlement Agreement, or relating to the Action or the Released

1 Claims, shall be subject to the exclusive jurisdiction of the California state courts in and for the  
2 County of Los Angeles, and Named Plaintiff, Class Members, and Defendant agree to submit to  
3 the personal and exclusive jurisdiction and venue of these courts. The prevailing party to any  
4 such enforcement action shall be entitled to recover its attorneys' fees and costs incurred in such  
5 enforcement action.

6  
7 Dated: ~~February 10~~, 2021, 2021

**NAMED PLAINTIFF:**

Megan Arrington  
Megan Arrington (Feb 10, 2021 17:34 PST)

MEGAN ARRINGTON

8  
9  
10 Dated: January \_\_, 2021  
11 2/4/20

**DEFENDANT:**

Nancy M.  
Murin

Digitally signed by Nancy M. Murin  
DN: cn=Nancy M. Murin, o=Automatic  
Data Processing Insurance Agency, Inc.,  
ou=Legal, email=nancy.murin@adp.com  
Reason: I am approving this document  
Location: Office  
Date: 2021.02.04 10:25:38 -0900

AUTOMATIC DATA PROCESSING  
INSURANCE AGENCY, INC.

By:

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14 **APPROVED AS TO FORM:**

15 Dated: February 11, 2021

**DIVERISTY LAW GROUP, APC**

16  
17 By: 

LARRY W. LEE, ESQ.

Attorneys for Plaintiff MEGAN ARRINGTON

18  
19 Dated: January \_\_, 2021

**FISHER & PHILLIPS LLP**

20  
21 By: \_\_\_\_\_

SEAN T. KINGSTON

Attorneys for Defendant

AUTOMATIC DATA PROCESSING  
INSURANCE AGENCY, INC.

1 Claims, shall be subject to the exclusive jurisdiction of the California state courts in and for the  
2 County of Los Angeles, and Named Plaintiff, Class Members, and Defendant agree to submit to  
3 the personal and exclusive jurisdiction and venue of these courts. The prevailing party to any  
4 such enforcement action shall be entitled to recover its attorneys' fees and costs incurred in such  
5 enforcement action.

6  
7 Dated: January \_\_, 2021

**NAMED PLAINTIFF:**

8 \_\_\_\_\_  
9 MEGAN ARRINGTON

10 Dated: January \_\_, 2021

**DEFENDANT:**

11 \_\_\_\_\_  
12 AUTOMATIC DATA PROCESSING  
13 INSURANCE AGENCY, INC.  
14 By:

**APPROVED AS TO FORM:**

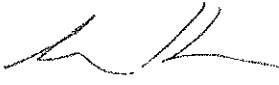
15 Dated: January \_\_, 2021

**DIVERISTY LAW GROUP, APC**

16  
17 By: \_\_\_\_\_  
18 LARRY W. LEE, ESQ.  
19 Attorneys for Plaintiff MEGAN ARRINGTON

20 Dated: January 30, 2021

**FISHER & PHILLIPS LLP**

21 By:  \_\_\_\_\_  
22 SEAN T. KINGSTON  
23 Attorneys for Defendant  
24 AUTOMATIC DATA PROCESSING  
25 INSURANCE AGENCY, INC.  
26  
27  
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# EXHIBIT B

## AMENDMENT TO JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

The Parties to this Joint Stipulation of Class Action and PAGA Settlement (“Settlement Agreement,” “Settlement,” or “Agreement”) are Plaintiff Megan Arrington (“Plaintiff”) and Defendant Automatic Data Processing Insurance Agency, Inc. (“Defendant”) (collectively, the “Parties” and each individually, a “Party”). On March 1, 2021, a fully executed Joint Stipulation of Class Action and PAGA Settlement was filed as Exhibit A to the Declaration of Mai Tulyathan in Support of Plaintiff’s Motion for Preliminary Approval of Class Action Settlement was filed with the Orange County Superior Court.

Pursuant to the Court’s April 5, 2021 Tentative Ruling, the Parties enter into this Amendment to the Joint Stipulation of Class Action and PAGA Settlement (“Amendment”).

THE PARTIES STIPULATE AND AMEND the Settlement Agreement as follows:

1. All defined terms contained herein shall have the same meanings as set forth in the Settlement Agreement, unless agreed to and amended below. Any terms or conditions of the Settlement Agreement that contradict this Amendment shall be superseded by this Amendment.

2. The term “PAGA Representative Action Members” shall mean all current and former non-exempt inside sales individuals employed by Defendant in the State of California at any time during the PAGA Period.

3. The term “PAGA Period” shall mean the period during September 5, 2018 to December 1, 2020.

4. The term “PAGA Released Claims” shall mean any and all claims, known and unknown, for civil penalties under the California Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698, *et seq.*, that were asserted or could have been asserted in the Second Amended Complaint or Plaintiff’s notices to the LWDA based on the facts and/or allegations alleged therein. The PAGA Released Claims includes claims for PAGA civil penalties premised on California Labor Code §§ 201-204, 226, 226.3, 510, 558, 1194, 2802, including failure to properly and timely pay overtime wages and sick leave wages, failure to provide accurate, itemized wage statements, failure to timely pay all wages owed upon separation of employment, and failure to reimburse all reasonable and necessary business expenses, that arose during the PAGA Period.

5. Settlement Agreement § I.W. shall be amended as follows:

**W. Settlement Amount.** The terms “Settlement Amount” as used herein means the amount of eight hundred thirty-two thousand three hundred fifty-two dollars and ten cents (\$832,352.10), which shall be paid by Defendant under this Settlement Agreement. The Net Settlement Payments, Court approved attorneys’ fees and Litigation costs, Administrative Costs to the Settlement Administrator, enhancement to Named Plaintiff, and the PAGA Settlement to the State of California and PAGA Representative Action Members shall be paid from the Settlement Amount, except as provided herein. Defendant will be separately responsible for any

Employer Taxes as required by law, including FICA and FUTA, which shall not be paid from the Settlement Amount. The Settlement Amount shall be non-reversionary. The number of Settlement Class Members does not exceed 123. The number of Eligible Workweeks does not exceed 14,662.

6. Settlement Agreement § VII.A. shall be amended as follows:

**VII. WAIVER, RELEASE, DISMISSAL, AND CONFIDENTIALITY**

**A. Release as to All Settlement Class Members.**

Upon the Final Approval Order and Final Judgment becoming Final, Named Plaintiff and all members of the Settlement Class, except those that make a valid and timely request to be excluded from the Settlement Class and Settlement, waive, release, discharge, and promise never to assert in any forum the following claims against Defendant, its past and present officers, directors, shareholders, unit holders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents, agents, assigns, insurers, re-insurers, and attorneys from all claims, demands, rights, liabilities and causes of action that were pled or which could have been pled in the Second Amended Complaint, and/or Plaintiff's notices submitted to the LWDA in the Litigation, based on the factual allegations therein, that arose during the Class Period with respect to the following claims: (a) failure to properly and timely pay overtime wages and sick leave wages; (b) failure to provide accurate, itemized wage statements under Labor Code §§ 226 and 226.3; (c) failure to timely pay all wages owed during and upon separation of employment in violation of Labor Code §§ 201-204; (d) failure to reimburse all reasonable and necessary business expenses under Labor Code § 2802; and (e) all damages, penalties, interest and other amounts recoverable under said causes of action under California and federal law, to the extent permissible, including but not limited to the California Labor Code, the applicable Wage Orders, Business & Professions Code § 17200, *et seq.*, and the Private Attorneys General Act of 2004, Labor Code §§ 2698, *et seq.*, based on the facts and causes of action as alleged in the Second Amended Complaint, and/or Plaintiff's notices submitted to the LWDA.

7. Settlement Agreement § VII shall be amended to add subsection D. as follows:

**D. Release as to PAGA Representative Action Members.**

Upon the Final Approval Order and Final Judgment becoming Final, PAGA Representative Action Members shall release Defendant, its past and present officers, directors, shareholders, unit holders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents, agents, assigns, insurers, re-insurers, and attorneys from the PAGA Released Claims that arose during the PAGA Period.

8. Settlement Agreement § VIII shall be amended as follows:

**VIII. SETTLEMENT ADMINISTRATOR**

Named Plaintiff and Defendant, through their respective counsel, have selected Phoenix Settlement Administrators as the Settlement Administrator to administer the Settlement, which includes but is not limited to establishing and maintaining a Qualified Settlement Fund account; printing, mailing, distributing the Notice of Proposed Class Action Settlement (including obtaining updated class member addresses, performing a National Change of Address search, and/or skip-tracing, and performing any necessary re-printing and re-mailing of returned Notices); establishing a toll-free number to respond to inquiries regarding the Settlement; determining the validity of the opt-outs; keeping track of opt-outs and objections; calculating all amounts to be paid from the Settlement, including the amount of the Settlement each Settlement Class Member is eligible to receive, the amount of all payroll tax deductions to be withheld or backup withholdings, deducting appropriate tax withholdings and paying them to the appropriate government entity; issuing and mailing checks for individual settlement payments for attorneys' fees and litigation costs, enhancements to the Named Plaintiff, and penalties to the LWDA under PAGA; providing Class Counsel and Counsel for Defendant with weekly updates on the status of Settlement administration (including numbers and percentages of mailed Notices, returned Notices, re-mailed Notices, undeliverable Notices, opt-outs, and objections); maintaining a website to view the Settlement Agreement and other related documents in the case and posting the Final Judgment on the website; providing declarations and/or reports as required by the Court; and for any other tasks that the Parties may mutually agree or the Court orders the Settlement Administrator to perform. Charges and expenses of the Settlement Administrator are estimated not to exceed \$6,750.00 and will be paid from the Settlement Amount. If the actual Settlement Administrator fees are less than the Parties' estimation, the remainder of the estimated Settlement Administrator fees will be part of the Net Settlement Amount to be distributed to Settlement Class Members

9. Settlement Agreement § IX shall be amended as follows:

**IX. NOTICE, OBJECTIONS, AND EXCLUSION RIGHTS**

**A. Class Notice.**

Named Plaintiff and Defendant, through their respective attorneys, have jointly prepared a Notice of Class Action and Proposed Settlement (the "Notice") that will be provided to the members of the Settlement Class through the following procedure:

As soon as practicable following Preliminary Approval of the Settlement, but no later than fourteen (14) days after the Court's Preliminary Approval order, Defendant will provide to the Settlement Administrator, confidentially, the following information about each Settlement Class member: (1) full name; (2) last known mailing address and telephone number; (3) number of workweeks each Settlement Class Member worked during the Class Period based on dates of employment, and number of workweeks each PAGA Representative Action Member worked during the PAGA Period based on dates of employment; and (4) Social Security number



(collectively the "Class List"). The Class List shall be formatted in Microsoft Office Excel or equivalent format.

The Settlement Administrator shall run all the addresses provided through the United States Postal Service National Change of Address database (which provides updated addresses for any individual who has moved in the previous four years who has notified the U.S. Postal Service of a forwarding address) to obtain current address information. The Settlement Administrator shall mail the Notice to the members of the Settlement Class via first-class regular U.S. Mail using the most current mailing address information available within ten (10) calendar days after the receipt of the Class List from Defendant.

The Notice will include information regarding the nature of the Litigation; a summary of the principal terms of the Settlement; the definition of the Settlement Class member and PAGA Representative Action Member and the dates of the Class and PAGA Periods; a statement that the Court has preliminarily approved the Settlement; the procedure, time period, and deadline for objecting to the Settlement; the date and location of the Final Approval hearing; information regarding the opt-out procedure, instructions, and the deadline to do so; the claims to be released; an explanation that PAGA Representative Action Members cannot opt-out of the Settlement as to the PAGA claims and that the PAGA claims will be released; Defendant's calculation of the number of workweeks during the Class Period and PAGA Period; and the estimated individual settlement payment the PAGA Representative Action Member will receive from the Settlement, and the estimated individual settlement payment the Settlement Class member will receive if they do not validly opt-out of the Settlement. The deadline for Settlement Class Members to postmark or facsimile their opt-out request or to object to the Settlement will be sixty (60) calendar days from the initial mailing of the Notice by the Settlement Administrator, unless the 60th day falls on a Sunday or State holiday, in which case the deadline will be extended to the next day on which the U.S. Postal Service is open. The Notice will inform Settlement Class members that in order to receive their individual settlement payment, they do not need to do anything except keep the Settlement Administrator apprised of their current mailing addresses.

If a Notice is returned from the initial notice mailing, the Settlement Administrator will attempt to determine the correct address using address skip tracing, or another search method, in an attempt to locate a more current address for re-mailing. If the Settlement Administrator is successful in locating a new address, it will promptly re-mail the Notice to the Settlement Class member via regular First-Class U.S. Mail. Further, any Notices returned with a forwarding address to the Settlement Administrator, as non-deliverable before the deadline date, shall be sent to the forwarding address affixed thereto. If the Settlement Administrator is unsuccessful in locating a new address, it will re-mail the Notice to the original address it had for the Settlement Class member. Settlement Class Members who receive a re-mailed Notice shall have their deadlines to opt-out or object to the Settlement extended fifteen (15) days from the original deadlines.

No later than twenty-five (25) days prior to the Final Approval Hearing, the Settlement Administrator shall provide Counsel for Defendant and Class Counsel with a declaration attesting to the completion of the Notice process, including the number of attempts to obtain valid mailing addresses for and re-sending of any returned Notices, as well as the number of valid opt-outs and deficiencies which the Settlement Administrator received.

## **B. Objections.**

In order for any Settlement Class member to object to this Settlement, or any term of it, the person making the objection must not submit a request for exclusion (i.e., must not opt out) and should, by no later than sixty (60) days after the Notice of Proposed Class Action Settlement was initially mailed to the Settlement Class members, fax or mail to the Settlement Administrator a written statement of the grounds of objection. The written objection must include: (i) the objector's full name, signature, address, and telephone number, and (ii) a written statement of all grounds for the objection. Settlement Class members may include with their written objection any copies of any papers, briefs, or other documents upon which the objection is based, if any. The objection should clearly explain why the Settlement Class member objects to the Settlement. The Settlement Administrator shall immediately upon receipt transmit to the Parties' counsel copies of all objections and supporting papers. The Parties then shall file the objections and all supporting papers with the Court as soon as practicable but not more than three (3) business days after receipt. Alternatively, even if a Settlement Class member does not submit a written objection, a Settlement Class member may also appear personally or through an attorney, at his or her own expense, at the Final Approval hearing to present his or her objection directly to the Court. Class Counsel will not represent any Class Members with respect to any such objection(s) to the Settlement. Any attorney who will represent an individual objecting to this Settlement must file a notice of appearance with the Court and serve Class Counsel and Defense Counsel. If a Settlement Class member objects to this Settlement, the Settlement Class member will remain a member of the Settlement Class and if the Court approves this Agreement, the Settlement Class member will be bound by the terms of the Settlement and Final Approval in the same way and to the same extent as a settlement class member who does not object. The date of mailing of the Notice of Proposed Class Action Settlement to the objecting Settlement Class member shall be conclusively determined according to the records of the Settlement Administrator. The Court retains final authority with respect to the consideration and admissibility of any Settlement Class member objections. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written objections to the Settlement or appeal from the Order and Judgment

## **C. Opportunity to be Excluded for Settlement Class Members.**

In order for any Settlement Class member to validly exclude himself or herself from the Settlement (i.e., to validly opt out), the Settlement Class member can submit a written request for exclusion ("Request to be Excluded"). For a Request to be Excluded to be valid, it must contain: (i) the name, address, telephone number; (ii) be signed by the Settlement Class member; (iii) clearly state that the Class Member does not wish to be included in the Settlement (i.e. "I hereby request to be excluded from the Class Action Settlement in *Arrington v. Automatic Data Processing Insurance Agency, Inc.*," or words to the similar effect); and (v) be faxed or postmarked to the Settlement Administrator. by no later than sixty (60) calendar days after the date the Settlement Administrator initially mails the Notice of Proposed Class Action Settlement to the Settlement Class members. The Notice of Proposed Class Action Settlement shall contain instructions on how to opt out.

The date of the initial mailing of the Notice, and the date the Request to be Excluded was faxed or postmarked, shall be conclusively determined according to the records of the Settlement

Administrator. The postmark or facsimile date of the Request to be Excluded shall be the exclusive means to determine whether said Request to be Excluded is timely submitted. Any Settlement Class member who timely and validly submits a request to be excluded from the Settlement Class and this Settlement will not be entitled to any individual settlement payment, will not be bound by the terms and conditions of this Settlement, and will not have any right to object, appeal, or comment thereon. Any member of the Settlement Class who does not timely file and mail/fax a Request to be Excluded from the Settlement Class will be deemed included in the Settlement Class in accordance with this Settlement. Named Plaintiff waives any right to be excluded from the Settlement Class.

No PAGA Representative Action Member may opt out of or be excluded from participating in the settlement of the PAGA Released Claims. All PAGA Representative Action Members shall have released the PAGA Released Claims upon the Final Approval Order and Final Judgment becoming Final and shall receive his/her respective share of the PAGA Settlement.

10. Settlement Agreement § X shall be amended as follows:

**X. CLAIMS PROCEDURE**

Settlement Class members shall **not** be required to submit a claim form to participate in the Settlement. Named Plaintiff and Defendant have agreed upon the following procedure to resolve all claims during the Class Period.

In the Notice of Proposed Class Action Settlement, each member of the Settlement Class will receive a calculation of the total number of workweeks the Settlement Class member worked as a non-exempt inside salesperson in California during the Class Period (hereinafter "Eligible Workweeks"), as well as the Settlement Class Member's estimated Net Settlement Payment. Periods of non-membership in the Class (i.e., in an exempt position or outside California or outside the Class Period) are excluded from the Eligible Workweeks calculation.

If the member of the Settlement Class disputes the number of Eligible Workweeks set forth in the Notice, such person must follow the directions in the Notice, including preparing a statement setting forth the number of Eligible Workweeks that such person believes in good faith is correct and stating that the member of the Settlement Class authorizes the Settlement Administrator to review the Settlement Class member's personnel file to determine such information and attaching any relevant documentation in support thereof. The member of the Settlement Class must mail or fax the signed and completed statement no later than sixty (60) days after the date of the mailing of the Notice, or the number of Eligible Workweeks set forth in the Notice will govern the Net Settlement Payments to the members of the Settlement Class. Settlement Class Members who receive a re-mailed Notice shall have their deadline to submit any disputes regarding the number of Eligible Workweeks extended fifteen (15) days from the original deadlines.

Upon timely receipt of any such challenge, the Settlement Administrator, in consultation with Class Counsel and Counsel for Defendant, will review the pertinent payroll records showing

the dates the Settlement Class member was employed and the pertinent leave(s) taken, which records Defendant agrees to make available to the Settlement Administrator.

After consulting with Class Counsel and Counsel for Defendant, the Settlement Administrator shall compute the number of Eligible Workweeks to be used in computing the Settlement Class member's pro rata share of the Net Settlement Amount. In the event there is a disparity between the dates a Settlement Class member claims he or she worked during the Class Period and the dates indicated by Defendant's records, Settlement Class members may submit further records, including without limitation paycheck stub(s) (or bona fide copies thereof), bank statements, or other records of compensation, to the Settlement Administrator for review. The Settlement Administrator will then make a decision as to the total number of Eligible Workweeks. The Settlement Administrator shall send written notice of the decision on any such claim to the Settlement Class member, to Class Counsel, and Counsel for Defendant within ten (10) calendar days of receipt of the dispute.

All disputes submitted by Settlement Class members regarding the number of Eligible Workweeks will be submitted to the Court along with the motion for final approval. The Court shall have the right to review and reverse any decision made by the Settlement Administrator regarding the Eligible Workweeks dispute.

11. Settlement Agreement § XII shall be amended as follows:

#### **XVI. COMPUTATION AND DISTRIBUTION OF PAYMENTS**

##### **A. Distribution Formula.**

i. Members of the Settlement Class who do not opt out will receive their individual settlement payment as good and valuable consideration for the waiver and release of claims set forth in Section VII.A., above, in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. The individual settlement payment to each member of the Settlement Class not excluding him/herself will be determined by dividing the Net Settlement Amount by the total number of Eligible Workweeks calculated for all members of the Settlement Class during the Class Period (the "Workweek Amount") and then multiplying the Workweek Amount by the number of Eligible Workweeks worked by the individual Settlement Class Member during the Class Period as determined by the Settlement Administrator in accordance with Section X, above, less any applicable withholding taxes based on the Parties stipulated allocation of the Net Settlement Amount as provided for in Section XVI, below.

ii. Twenty-five percent of the PAGA Settlement, or \$10,000.00, shall be allocated to PAGA Representative Action Members on a pro rata basis based on the number of workweeks worked by the individual PAGA Representative Action Member as a non-exempt inside salesperson in California during the PAGA period, as determined by the Settlement Administrator.

12. Settlement Agreement § XVII shall be amended as follows:

#### **XVII. PRIVATE ATTORNEY GENERAL ACT ALLOCATION**

In order to implement the terms of this Settlement and to settle claims alleged under the Private Attorneys' General Act ("PAGA"), California Labor Code section 2698 *et seq.*, the Parties agree to allocate forty thousand dollars and zero cents (\$40,000.00) of the Settlement Amount as the PAGA Settlement. Pursuant to the PAGA, seventy-five percent, or the sum of \$30,000.00, will be paid to the LWDA, and twenty-five percent, or the sum of \$10,000.00, will be paid to PAGA Representative Action Members. Within fifteen (15) calendar days following receipt of the Settlement funds from defendant, the Settlement Administrator shall disburse the \$30,000.00 to the LWDA. All individual PAGA payments made to PAGA Representative Action Members from the PAGA Settlement shall be allocated as one hundred percent (100%) as 1099 payments for penalties.

**IT IS SO AGREED.**

DATED: April 23, 2021

NAMED PLAINTIFF

By   
Megan Arrington (Apr 23, 2021 14:16 PDT)  
MEGAN ARRINGTON


DATED: April 23, 2021

DEFENDANT

By \_\_\_\_\_  
AUTOMATIC DATA PROCESSING INSURANCE  
AGENCY, INC.  
By:

DATED: April 23, 2021

DIVERSITY LAW GROUP, APC

By   
Larry W. Lee  
Mai Tulyathan  
Attorneys for Plaintiff and the Class

DATED: April 23, 2021

FISHER & PHILLIPS LLP

By   
Sean Kingston  
Attorneys for Defendant Automatic Data Processing  
Insurance Agency, Inc.

In order to implement the terms of this Settlement and to settle claims alleged under the Private Attorneys' General Act ("PAGA"), California Labor Code section 2698 *et seq.*, the Parties agree to allocate forty thousand dollars and zero cents (\$40,000.00) of the Settlement Amount as the PAGA Settlement. Pursuant to the PAGA, seventy-five percent, or the sum of \$30,000.00, will be paid to the LWDA, and twenty-five percent, or the sum of \$10,000.00, will be paid to PAGA Representative Action Members. Within fifteen (15) calendar days following receipt of the Settlement funds from defendant, the Settlement Administrator shall disburse the \$30,000.00 to the LWDA. All individual PAGA payments made to PAGA Representative Action Members from the PAGA Settlement shall be allocated as one hundred percent (100%) as 1099 payments for penalties.

**IT IS SO AGREED.**

DATED: April 23, 2021

NAMED PLAINTIFF

By \_\_\_\_\_  
MEGAN ARRINGTON

DATED: April 27, 2021

DEFENDANT

By **Nancy M. Murin** Digitally signed by Nancy M. Murin  
DN: cn=Nancy M. Murin, o=US, ou=Automatic  
Data Processing Insurance Agency, Inc.,  
c=US, email=nancy.murin@adp.com  
Reason: I am approving this document  
Location: Office  
Date: 2021.04.27 15:58:02 -0400  
AUTOMATIC DATA PROCESSING INSURANCE  
AGENCY, INC.  
By: Nancy M. Murin, President

DATED: April 23, 2021

DIVERSITY LAW GROUP, APC

By \_\_\_\_\_  
Larry W. Lee  
Mai Tulyathan  
Attorneys for Plaintiff and the Class

DATED: April 23, 2021

FISHER & PHILLIPS LLP

By \_\_\_\_\_  
Sean Kingston  
Attorneys for Defendant Automatic Data Processing  
Insurance Agency, Inc.

# EXHIBIT C

## NOTICE OF PENDENCY OF CLASS AND PAGA ACTION SETTLEMENT

If you are or were employed by Automatic Data Process Insurance Agency, Inc. ("ADP"), as a non-exempt inside sales employee within the State of California at any time during the period from September 24, 2015 through December 1, 2020, a class action settlement may affect your rights.

*A court authorized this Notice in the matter of Megan Arrington v. Automatic Data Process Insurance Agency, Inc., Orange County Superior Court Case No. 30-2019-01099994-CU-OE-CXC*

*Your legal rights may be affected by this Settlement. Please read this Notice carefully.*

Plaintiff Megan Arrington ("Plaintiff") sued ADP, on behalf of herself and other similarly situated employees, for the following claims: (1) failure to properly and timely pay all overtime wages owed based on the correct regular rate of pay that included non-discretionary remuneration, in violation of Labor Code §§ 201-203, 510, 558, and 1194; (2) failure to provide accurate itemized wage statements in violation of Labor Code § 226(a) and 226.3; (3) failure to reimburse required business expenditures, in violation of Labor Code § 2802; (4) violation of the California Unfair Competition Law; and (5) violation of the California Private Attorneys General Act (PAGA), Labor Code § 2698, *et seq.* (the "Action"). Plaintiff seeks to recover on behalf of all similarly situated current and former non-exempt inside sales employees of Defendant all damages and penalties under California law.

ADP strongly denies any and all allegations and claims alleged in the Action, and denies any and all wrongdoing and liability. The proposed Settlement is not a concession or admission by ADP that the Action has any merit whatsoever. The Court has not ruled on the merits of Plaintiff's claims.

The Court has preliminarily approved the Settlement in this Action and determined that there is sufficient evidence to suggest that the proposed Settlement is fair, adequate, and reasonable. You have a right to know about the proposed Settlement and about your options before the Court decides whether to finally approve the Settlement. If you qualify as a Settlement Class Member, you may receive money from the Settlement. A final determination will be made by the Court at a Final Approval/Settlement Fairness Hearing.

| <b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b> |  |
|---|--|
| <b>You can DO NOTHING</b>                               | <b>You will receive a payment from the Settlement, or your Individual Settlement Payment.</b> If you do nothing, you will continue your participation in this lawsuit, and you will receive your individual share of the Settlement. In exchange for this payment, you will release or <b>give up</b> any rights to sue ADP separately for the same legal claims that are part of this lawsuit (see Section 11 for an explanation of the Released Claims).   |
| <b>You can EXCLUDE YOURSELF FROM THE SETTLEMENT</b>     | <b>If you ask to be excluded from the Settlement, you will get no payment from the Settlement</b> (unless you are a PAGA Representative Action Member), but you will <b>keep</b> any rights to sue ADP for any claims other than the PAGA Released Claims. If you ask to be excluded from the Settlement, you cannot object to the Settlement.<br><br>Note that PAGA Representative Action Members (see definition in Section 1 below) <b>cannot</b> ask to be excluded from participating in the settlement of the PAGA claims in the Action or from the PAGA Released Claims (see Section 11). |
| <b>You can OBJECT TO THE SETTLEMENT</b>                 | If you do not agree with the Settlement, you can object to the Settlement according to the procedures described fully below in Section 13. The Court may or may not agree with your objection. However, if the Court does not agree with your objection,   |



|  |   |
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|  | you will still be bound by the terms of the Settlement and will receive a settlement payment. Objecting to the Settlement will <b>not</b> exclude you from receiving a portion of the Settlement. |
|--|---|

**1. Why Did I Get This Notice?**

**You are not being sued.** You received this Notice because ADP’s records show that you (a) are a current or former non-exempt inside sales employee of ADP in California during the period of September 24, 2015 through December 1, 2020 (the “Class Period”) (defined as a “Settlement Class Member”), and/or (b) are a current or former non-exempt inside sales employee of ADP in California during the period of September 5, 2018 to December 1, 2020 (the “PAGA Period”) (defined as “PAGA Representative Action Member”). If you received this Notice, you are either a “Settlement Class Member” and/or a “PAGA Representative Action Member” for the Settlement described in this Notice.

You received this Notice because you have a right to know about a proposed Settlement of a class and PAGA action lawsuit and about your options before the Court decides whether to finally approve the Settlement. If the Court approves the Settlement, and after any objections and/or appeals are resolved, the Settlement Administrator appointed by the Court will make all payments that the Settlement allows and as approved by the Court.

This Notice explains the Action, the Settlement, your legal rights, what benefits are available, who is eligible to receive them, and how to receive payment.

**2. What is This Action About?**

In this lawsuit, the Named Plaintiff filed a putative class and representative action against ADP for various wage and hour violations. The operative Complaint alleges that ADP violated Labor Code §§ 201-203, 510, 558, and 1194, by failing to properly and timely pay overtime and sick pay wages at the correct regular rate of pay by including all non-discretionary remuneration, such as commission wages, into the calculation of the regular rate. The operative Complaint also alleges that ADP did not provide accurate wage statements in compliance with Labor Code § 226(a). Named Plaintiff also alleges that ADP violated Labor Code § 2802 by failing to reimburse business expenses, including costs for personal cell phone and internet for work-related purposes. Named Plaintiff also claims that ADP failed to timely pay all wages owed to its employees during and upon separation of employment. In addition to the class claims, Named Plaintiff also brought these same claims on a representative basis under the Private Attorneys General Act (PAGA).

ADP strongly denies any and all allegations and claims alleged in the Action, and denies any and all wrongdoing and liability.

The parties have reached an agreement to resolve the class and PAGA claims in the lawsuit. The Court has preliminarily approved Plaintiff to represent the Settlement Class. However, the Court has not made any findings with respect to the merits of Plaintiff’s claims.

**3. Do I Need to Hire an Attorney?**

You do not need to hire your own attorney. The Court has already preliminarily appointed the law firms of Diversity Law Group and Lebe Law as Class Counsel (see Section 15 for Class Counsel’s information). However, if you want to be represented by your own lawyer, you may hire one at your own expense.

#### 4. What is ADP's Position?

ADP denies any wrongdoing or liability whatsoever and denies that wages, damages, or penalties are owed, or that it acted contrary to California law. ADP believes that it has valid defenses to Plaintiff's claims. By agreeing to settle, ADP is not admitting liability on any of the factual or legal allegations in the Action, or that the Action can proceed as a class or representative action. ADP has agreed to settle the Action as a compromise with Plaintiff and Class Counsel.

#### 5. Why is There a Settlement?

The Court did not decide in favor of Plaintiff or ADP. After a thorough investigation into the fact and claims of this Action, the parties agreed to the Settlement following a mediation session with a neutral third-party mediator. The Action settled because Class Counsel and Plaintiff believe that the amount of the Settlement is fair, adequate, and reasonable in light of the strengths and weaknesses of the claims and other potential factors affecting this Action.

#### 6. What Does the Settlement Provide?

The proposed Settlement provides for a payment by ADP in the gross settlement amount of \$832,352.10 to fully and finally resolve all claims in the lawsuit. The total amount to be distributed to Settlement Class Members who do not exclude themselves from the Settlement, will be the gross settlement amount minus the following (the Net Settlement Amount): (a) settlement administration costs not to exceed \$6,750.00; (b) class representative service award to Named Plaintiff not to exceed \$10,000.00, to compensate her for the risks, time, and expense of her involvement and efforts to prosecute the Action; (c) Class Counsel's attorneys' fees not to exceed \$277,450.70; (d) Class Counsel's actual litigation costs and expenses as supported by declaration not to exceed \$30,000.00; (e) payment of \$30,000.00 to the California Labor and Workforce Development Agency (LWDA) as part of the settlement of the PAGA claims; and (f) payment of \$10,000.00 to be distributed among PAGA Representative Action Members as part of the settlement of the PAGA claims. No portion of the Net Settlement Amount will be returned to ADP under any circumstances.

Based on the foregoing, the total Net Settlement Amount available to be distributed to the Settlement Class Members, should the foregoing amounts be awarded in full, is estimated at \$478,151.40.

#### 7. What Can I Get from the Settlement?

Settlement Class Members (who do not request to be excluded) will be paid their individual settlement payment from the Net Settlement Amount. 20% of each individual settlement payment will be designated for alleged unpaid wages, for which an IRS Form W-2 shall be issued. 40% will be designated for alleged interest, for which an IRS Form 1099 shall be issued. The remaining 40% will be designated for alleged penalties, for which an IRS Form 1099 shall be issued. Individual settlement payments from the Net Settlement Amount are subject to any applicable tax withholdings. To the extent that any portion of the Settlement Class Members' settlement proceeds constitute wages, ADP will be separately responsible for the employer-paid portion of employer taxes, which will not be paid from the gross settlement amount.

PAGA Representative Action Members will be paid a pro rata portion of the \$10,000.00 payment allocated to resolve the PAGA claims (see Section 8). The entirety of each individual PAGA settlement payment to PAGA Representative Action Member will be designated as penalties, for which an IRS Form 1099 shall be issued.

Each Settlement Class Member and PAGA Representative Action Member will be solely responsible for his/her share of taxes owed as a result of any payments received under this Settlement. The amount of tax withholdings from your individual settlement payment may or may not be sufficient to cover your applicable tax obligations to the Internal Revenue Service and/or California Franchise Tax Board. Please consult your tax adviser, as needed. Neither the named parties nor any counsel in this Action make any representations as to the tax treatment of individual settlement payments provided by the Settlement.

## 8. How Was My Individual Payment Amount Calculated?

### Calculation of Settlement Class Members' Individual Settlement Payments:

Your estimated share of the settlement payment is based on the number of Eligible Workweeks, which is defined as the number of workweeks that you worked as a non-exempt inside sales employee for ADP in California during the period of September 24, 2015 through December 1, 2020 (the "Class Period"). Based on ADP's records, the Settlement Administrator calculated each Settlement Class Member's individual settlement payment by: (1) dividing the Net Settlement Amount by the total number of Eligible Workweeks worked by all Settlement Class Members during the Class Period to determine the Workweek Amount, and then (2) multiplying the Workweek Amount by the number of Eligible Workweeks worked by the individual Settlement Class Member during the Class Period as listed above. Each individual settlement payment will be reduced by any legally mandated deductions (e.g., payroll taxes, etc.), for each Settlement Class Member.

Based on ADP's records, the number of Eligible Workweeks during the Class Period is [REDACTED]. Your estimated Individual Settlement Payment, subject to mandatory deductions and withholdings, is \$ [REDACTED].

Settlement Class Members who submit valid and timely requests for exclusion will not be entitled to receive the above-referenced individual settlement payments. The estimated individual settlement payments allocated to those individuals will become part of the Net Settlement Amount and redistributed to the remaining Settlement Class Members, as calculated by the Settlement Administrator to proportionally increase the payments to Settlement Class Members who do not request exclusion, such that the aggregate of settlement payout to Settlement Class Members equals 100% of the NSA.

### Calculation of PAGA Representative Action Members' Individual PAGA Settlement Payments:

The amount of individual PAGA settlement payments to be paid to each PAGA Representative Action Member will be based on the number of workweeks worked by the individual PAGA Representative Action Member as a non-exempt inside salesperson in California during the PAGA Period. Your estimated Individual PAGA Settlement Payment is \$ [REDACTED].

Because the PAGA penalties can only be sought by the State of California, you cannot exclude yourself from the PAGA portion of the Settlement if the Court gives final approval to the Settlement. Even if you exclude yourself from the class action portion of the settlement, you will still receive your portion of the PAGA payment, will release the PAGA Released Claims, and will be barred from asserting any claim against Defendant pursuant to the PAGA based on the PAGA Released Claims.

## 9. How Can I Get Payment?

You do not need to take any action to qualify for payment. For Settlement Class Members, if you do not opt out or exclude yourself from the Settlement, you will automatically receive your individual settlement payment. For PAGA Representative Action Members, your payment will be automatically mailed to you.

However, if you dispute the number of Eligible Workweeks worked listed above, you may contact the Settlement Administrator with a written statement setting forth the following: (1) the number of Eligible Workweeks that you

believe in good faith is correct, (2) that you authorize the Settlement Administrator to review your personnel file to determine the accuracy of the information, and (3) attaching any relevant documentation to support your dispute, if any. You must mail or fax the written statement to the Settlement Administrator at [ADMINISTRATOR'S ADDRESS AND FAX NUMBER] no later than [60 DAYS AFTER MAILING DATE]. If you receive a re-mailed Notice, your deadline to submit any disputes is extended by 15 calendar days from [REDACTED].

The Settlement Administrator will consult with Class Counsel and Counsel for ADP and will review any pertinent payroll records to resolve any Eligible Workweek disputes. The Settlement Administrator will then make a decision as to your number of Eligible Workweeks. If you do nothing, you will receive your individual settlement payment calculated based on the number of Eligible Workweeks as identified in this Notice and be bound by the terms of the Settlement (including the Released Claims described in Section 11). All disputes regarding Eligible Workweeks will be submitted to the Court, who will have the right to review and reverse any decision made by the Settlement Administrator regarding the dispute.

**10. When Would I Get My Payment?**

The Court will hold the Final Approval/Settlement Fairness Hearing on [TENTATIVE: Thursday, October 7, 2021], at [2:00 pm], in Department CX-102 of the California Superior Court for the County of Orange, located at 751 W. Santa Ana Blvd., Santa Ana, CA 92701, to decide whether to grant final approval of the Settlement and enter final judgment. This hearing date is subject to continuance without further notice. If the Court grants final approval of the Settlement, your individual settlement payment will be mailed after entry of Final judgment, unless there are objections, appeals, or other challenges to the Settlement, the Final Judgment or otherwise.

**11. What Rights Do I Give Up If I Participate or Do Nothing?**

**For Settlement Class Members:**

Unless you submit a timely and valid request for exclusion from the Settlement, you will remain a Settlement Class Member, and you will be bound by the terms of the Settlement, including releasing the "Released Claims" against ADP and Released Parties below. It also means that all of the Court's orders in this Action will apply to you and legally bind you.

**Release of Claims:** If you do not exclude yourself from this Settlement, you will give up any rights against ADP regarding any claims related to unpaid regular and overtime wages, inaccurate wage statements/pay stubs, and reimbursement of business expenses that arose during the Class Period. Specifically, upon the Final Approval Order and Final Judgment becoming Final, you hereby waive, release, discharge, and promise never to assert in any forum the following claims against Defendant, its past and present officers, directors, shareholders, unit holders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents, agents, assigns, insurers, re-insurers, and attorneys from all claims, demands, rights, liabilities and causes of action that were pled or which could have been pled in the Second Amended Complaint, and/or Plaintiff's notices submitted to the LWDA in the Litigation, based on the factual allegations therein, that arose during the Class Period with respect to the following claims: (a) failure to properly and timely pay overtime wages and sick leave wages; (b) failure to provide accurate, itemized wage statements under Labor Code §§ 226 and 226.3; (c) failure to timely pay all wages owed during and upon separation of employment in violation of Labor Code §§ 201-204; (d) failure to reimburse all reasonable and necessary business expenses under Labor Code § 2802; and (e) all damages, penalties, interest and other amounts recoverable under said causes of action under California and federal law, to the extent permissible, including but not limited to the California Labor Code, the applicable Wage Orders, Business & Professions Code §§ 17200, et seq., and the Private Attorneys General Act of 2004, Labor Code

§§ 2698, et seq., based on the facts and causes of action as alleged in the Second Amended Complaint, and/or Plaintiff's notice submitted to the LWDA.

**For PAGA Representative Action Members:**

Upon Final Approval of the Settlement, each PAGA Representative Action Member will give up the following "PAGA Released Claims" against ADP and Released Parties below. You will be bound by the release below and the judgment entered in this Action when the Court grants final approval of this Settlement.

**Release of Claims as to PAGA Representative Action Members:** Upon the Final Approval Order and Final Judgment becoming Final, you hereby waive, release, discharge the following claims against ADP and its past and present officers, directors, shareholders, unit holders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents, agents, assigns, insurers, re-insurers, and attorneys from any and all claims, known and unknown, for civil penalties under the California Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698, et seq., that were asserted or could have been asserted in the Second Amended Complaint or Plaintiff's notices to the LWDA based on the facts and/or allegations alleged therein. The PAGA Released Claims includes claims for PAGA civil penalties premised on California Labor Code §§ 201-204, 226, 226.3, 510, 558, 1194, 2802, including failure to properly and timely pay overtime wages and sick leave wages, failure to provide accurate, itemized wage statements, failure to timely pay all wages owed during and upon separation of employment, and failure to reimburse all reasonable and necessary business expenses, that arose during the PAGA Period.

**12. How Do I Exclude Myself from the Settlement as a Settlement Class Member?**

If you are a Settlement Class Member and do not wish to participate in the Settlement, you may exclude yourself by writing to the Settlement Administrator stating that you want to be excluded from the *Megan Arrington v. Automatic Data Process Insurance Agency, Inc.* settlement.

Be sure to include: (1) your name, address, telephone number; (2) your signature; and (3) a statement that you wish to be excluded from the *Megan Arrington v. Automatic Data Process Insurance Agency, Inc.* settlement. Your letter must be faxed and/or postmarked no later than [60 DAYS AFTER MAILING] and returned to the Settlement Administrator at: [SETTLEMENT ADMINISTRATOR'S ADDRESS AND FAX NUMBER]. If the Notice was re-mailed to you, your deadline is [REDACTED].

Notwithstanding the foregoing, no PAGA Representative Action Member may opt out of or be excluded from participating in the settlement of the PAGA claims alleged in the Action or from the PAGA Released Claims. Even if you exclude yourself from the class action portion of the settlement, you **cannot** exclude yourself from the PAGA portion of the settlement. Thus, you will still receive your portion of the PAGA payment, will release the PAGA Released Claims, and will be barred from asserting any claim against Defendant pursuant to the PAGA based on the PAGA Released Claims. If the Court grants final approval of the Settlement, upon the date the Final Judgment becomes Final, PAGA Representative Action Members are barred from pursuing any action under the PAGA regarding the PAGA Released Claims against ADP as explained in Section 11.

**13. How Do I Object to the Settlement and Appear at the Final Approval and Fairness Hearing?**

You can object to the Settlement if you believe that the Settlement is unfair or inadequate. To object, you may **either** (1) submit a timely written objection to the Settlement Administrator according to the procedures below, or

(2) appear at the Final Approval Hearing to verbally object to the Settlement in person or through your own attorney at your own expense.

A written objection must contain: (1) the full name, address, and telephone number of the Settlement Class Member; (2) your signature; and (3) a written statement of the grounds for your objection. You may include copies of any papers, briefs, or other documents upon which the objection is based, if any. Your written objection must be faxed and/or postmarked no later than [REDACTED] [60 DAYS AFTER MAILING] and returned to the Settlement Administrator at: [SETTLEMENT ADMINISTRATOR'S ADDRESS AND FAX NUMBER]. If the Notice was re-mailed to you, your deadline is [REDACTED] [15 DAYS EXTENSION FROM INITIAL MAILING].

If the Court rejects your objection, you will be bound by the terms of the Settlement. You do not have to attend the Final Approval Hearing, but you may do so at your own expense. If you send a written objection, you do not have to come to Court to talk about it.

#### 14. When Is the Final Approval and Fairness Hearing?

The Court will hold a Final Approval/Settlement Fairness Hearing in Department CX-102 of the California Superior Court for the County of Orange, located at 751 West Santa Ana Blvd., Santa Ana, CA 92701, on [TENTATIVE: Thursday, October 7, 2021] at [2:00 PM], to determine whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also be asked to approve Class Counsel's request for attorneys' fees and actual litigation costs, Plaintiff's Enhancement Award, Settlement Administration Costs, and the PAGA Payment to the LWDA and to PAGA Representative Action Members.

The Final Approval/Settlement Fairness Hearing may be continued without further notice to you. It is not necessary for you to appear at this hearing, but you may do so at your own expense. Once final approval is granted by the Court, the Court will enter final judgment, and all Settlement Class Members who have not excluded themselves will be deemed to have waived the Released Claims set forth above. Notice of the final judgment will be on file with the Clerk of the Court.

#### 15. How Do I Get Additional Information?

This Notice provides a summary of the basic terms of the Settlement. The precise terms and conditions of the Settlement are contained in the Joint Stipulation of Class Action and PAGA Settlement, which is on file with the Clerk of the Court. Additionally, the pleadings and other records in this Action may be examined at any time during regular business hours at the Office of the Clerk of the California Superior Court for the County of Orange, located at 751 West Santa Ana Blvd., Santa Ana, CA 92701. You can also access and review the Court's docket in this case through the Court's website at: <https://ocapps.occourts.org/online-services/case-access/>, by clicking on the "Civil Case & Document Access," accepting the terms of use, and entering in the case name or number *Megan Arrington v. Automatic Data Process Insurance Agency, Inc.*, Case No: 30-2019-01099994-CU-OE-CXC. The "Register of Action" tab will provide the docket entry of all documents filed in this Action.

In addition, this Notice, the Joint Stipulation of Class Action and PAGA Settlement, approval papers, and other documents in this case will also be available through the Settlement Administrator at [http://www.\[REDACTED\].com](http://www.[REDACTED].com).

If you have any questions, you may contact any of the attorneys listed below, or the Settlement Administrator, [REDACTED], at 800-xxx-xxxx. When you call, please refer to the *Megan Arrington v. Automatic Data Process Insurance Agency, Inc.* class action settlement

CLASS COUNSEL

|  |   |
|--|---|
| Larry W. Lee<br>Mai Tulyathan<br><b>DIVERSITY LAW GROUP</b><br>515 S. Figueroa St., Suite 1250<br>Los Angeles, CA 90071<br>Telephone: (213) 488-6555<br>Facsimile: (213) 488-6554<br>lwlee@diversitylaw.com<br>ktulyathan@diversitylaw.com | Jonathan M. Lebe<br><b>LEBE LAW, P.C.</b><br>777 S. Alameda Street, 2 <sup>nd</sup> Floor<br>Los Angeles, CA 90021<br>Tel: (213) 358-7046<br>Fax: (310) 820-1258<br>jon@lebelaw.com |
|--|---|

**IF YOU HAVE ANY QUESTIONS ABOUT THE SETTLEMENT, YOU MAY CONTACT THE SETTLEMENT ADMINISTRATOR:**

*Megan Arrington v. Automatic Data Process Insurance Agency, Inc.*

c/o [redacted]

Address

City, CA Zip

Toll-Free Phone Number: [insert]

Fax Number: [insert]

**PLEASE DO NOT CONTACT THE COURT OR OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT OR THE SETTLEMENT PROCESS.**

**BY ORDER OF THE COURT.**