

NOTICE OF CLASS ACTION SETTLEMENT

Gilberto Rodriguez v. Cardinal Paint and Powder, Inc.
Los Angeles County Superior Court, Case No. 20STCV14711

PLEASE READ THIS NOTICE CAREFULLY.

You have received this Notice because Defendants' records indicate that you may be eligible to take part in the class action settlement reached in the above-referenced matter.

You do not need to take any action to receive a settlement payment and, unless you request to be excluded from the settlement, your legal rights may be affected.

This Notice is designed to advise you of your rights and options with respect to the settlement.

By order of the Superior Court of California for the County of Los Angeles (the "Court" or "Los Angeles County Superior Court"), you are notified that: preliminary approval of a proposed class action settlement (the "Settlement") of the lawsuit filed by a former employee Plaintiff Gilberto Rodriguez ("Plaintiff") against Defendants Cardinal Paint and Powder, Inc. and Cardinal Industrial Finishes (collectively, "Defendants"), was granted by the Court on August 12, 2021, in the case entitled *Gilberto Rodriguez v. Cardinal Paint and Powder, Inc. et al.*, Los Angeles County Superior Court, Case No. 20STCV14711 (the "Action"), which may affect your legal rights.

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

If you are a Class Member, you do not need to take any action to receive a settlement payment, but you have the opportunity to request exclusion from the Settlement (in which case you will not receive payment under the Settlement), object to the Settlement, and/or dispute the number of Workweeks credited to you, if you so choose, as explained more fully in Section III below.

I. IMPORTANT DEFINITIONS

"Class" means all current and former hourly-paid or non-exempt employees who worked for Defendants Cardinal Paint and Powder, Inc. and/or Cardinal Industrial Finishes in the state of California from April 15, 2016 through August 12, 2021.

"Class Member" means a member of the Class.

"Class Period" means the period from April 15, 2016 through August 12, 2021.

"PAGA Employees" means all Class Members who worked for Defendants any time during the PAGA Period. PAGA Employees cannot request to be excluded from the PAGA portion of the settlement and will receive an Individual PAGA Payment even if they submit a request to be excluded.

"PAGA Period" means April 15, 2019 through August 12, 2021.

"Settlement Class Members" means Class Members who do not exercise their right to request exclusion from the Action. Class Members who request exclusion (explained below) retain their right to sue Defendants, if they choose, but will not receive any payment under the proposed class settlement.

II. BACKGROUND OF THE ACTION

Plaintiff brought this Action on behalf of himself and the Class Members against Defendants, alleging that Defendants failed to pay all minimum and overtime wages owed, failed to provide all required meal and rest periods, failed to provide itemized wage statements in compliance with California law, failed to timely pay wages upon separation and during employment, and thereby engaged in unfair business practices and are liable for civil penalties under the Private Attorneys General Act, California Labor Code section 2698, *et seq.* ("PAGA"). Defendants deny all of the allegations in the Action or that they violated any law, and contend that at all times Defendants have fully complied with all applicable federal, state, and local laws.

The Court has not ruled that Defendants violated any laws or whether Plaintiff or any other person is entitled to damages or other relief.

After Defendants provided relevant information to Class Counsel, the Parties participated in a full-day mediation session with a respected class action mediator, and as a result, the Parties reached the Settlement. The Court has appointed Phoenix Settlement Administrators as the administrator of the Settlement (“Settlement Administrator”), Plaintiff, as representative of the Class (“Class Representative”), and the following law firms as counsel for the Class (“Class Counsel”):

<p>LIDMAN LAW, APC Scott M. Lidman slidman@lidmanlaw.com Elizabeth Nguyen enguyen@lidmanlaw.com Milan Moore mmoore@lidmanlaw.com Romina Tamiry rtamiry@lidmanlaw.com 2155 Campus Drive, Suite 150 El Segundo, California 90245 Tel: (424) 322-4772 Fax: (424) 322-4775 www.lidmanlaw.com</p>	<p>HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com 155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com</p>
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The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendants that the claims in the Action have merit or that Defendants have any liability to Plaintiff or to Class Members. Plaintiff and Defendants, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable and adequate, and that the Settlement is in the best interests of the Class Members.

If you are still employed by Defendants, your decision about whether to participate in the Settlement will not affect your employment. California law and Defendants’ policies strictly prohibit unlawful retaliation. Defendants will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Class Member because of the Class Member’s decision to either participate or not participate in the Settlement.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula

The Total Settlement Amount is Seven Hundred Sixty-Five Thousand Dollars (\$765,000) (the “Total Settlement Amount”). The portion of the Total Settlement Amount that is available for payment to Class Members who do not opt out of this Settlement (“Settlement Class Members”) is referred to as the “Net Distribution Fund.” The Net Distribution Fund will be the Total Settlement Amount less the following payments which are subject to approval by the Court: (1) attorneys’ fees in an amount of up to 1/3 of the Total Settlement Amount (i.e., up to \$255,000) and reimbursement of litigation costs and expenses in an amount of up to Thirty Thousand Dollars (\$30,000) to Class Counsel (collectively, “Class Counsel Award”); (2) a service award in an amount not to exceed Five Thousand Dollars (\$5,000) to Plaintiff for Plaintiff’s services (“Service Award”); (3) settlement administration costs in an amount not to exceed Nine Thousand Seven Hundred Fifty Dollars (\$9,750.00) to the Settlement Administrator (“Settlement Administrator Expenses”); and (4) the allocation of Thirty Thousand Dollars (\$30,000) to settle all claims under the California Private Attorneys General Act (“PAGA”) (“PAGA Payment”), of which 75%, or \$22,500, will be paid to the California Labor and Workforce Development Agency (“LWDA”) and the remaining 25%, or \$7,500 will be paid to the PAGA Employees on a *pro rata* basis.

Individual Settlement Share: Class Members are eligible to receive a *pro rata* share of the Net Distribution Fund based on the number of Workweeks during which they worked for Defendants in the State of California during the Class Period. Specifically, the Net Distribution Fund will be divided by the total of all Workweeks of Settlement Class Members during the Class Period in order to establish the value of each Workweek. The Individual Settlement Share of each Settlement Class Member will be calculated by multiplying the value of a Workweek by the number of Workweeks worked by the Settlement Class Member during the Class Period (“Individual Settlement Share”).

Each Individual Settlement Share will be subject to reduction for the employee’s share of taxes and withholdings with respect to the wage portion of the Individual Settlement Share.

Each Individual Settlement Share will be allocated as Thirty-Three percent (33%) to wages (which will be reported on an IRS Form W2), and Sixty-Seven percent (67%) to interest, penalties, and other non-wage damages (which will be reported on an IRS Form 1099, if applicable).

Individual PAGA Payment: PAGA Employees will receive a *pro rata* share of \$7,500 (which is 25% of the PAGA Payment) based on their number of Workweeks during the PAGA Period. Specifically, the \$7,500 will be divided by the total of all Workweeks worked by all PAGA Employees during the PAGA Period in order to establish the value of each Workweek worked. The Individual PAGA Payment of each PAGA Employee will be calculated by multiplying the value of a Workweek by the number of Workweeks worked by the PAGA Employee during the PAGA Period (“Individual PAGA Payment”).

Individual PAGA Payments will be allocated as one hundred percent (100%) penalties (which will be reported on IRS Form 1099).

Allocation and Taxes. The Settlement Administrator will be responsible for issuing to Settlement Class Members and PAGA Employees IRS Forms W-2 for amounts deemed “wages” and IRS Forms 1099 for the amounts allocated as penalties and interest. Settlement Class Members and PAGA Employees are responsible for the proper income tax treatment of the Individual Settlement Awards. The Settlement Administrator, Defendants and their counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class Members and PAGA Employees should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

The gross payment of each Settlement Class Member’s Individual Settlement Share (before reduction for the employee’s share of taxes on the wage portion) and Individual PAGA Payment (if applicable) is referred to as their “Individual Settlement Payment.”

If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to Settlement Class Members and PAGA Employees at the address that is on file with the Settlement Administrator by way of one (1) check. **If the address to which this Notice was mailed is not correct, or if you move after you receive this Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure your receipt of payment that you may be entitled to.**

The Total Settlement Amount shall be paid by Defendants with the Settlement Administrator within 10 calendar days after the “Effective Date”. The “Effective Date” means the date by which the Settlement is finally approved as provided herein and the Court’s Final Approval Order becomes binding. For purposes of the Settlement Agreement, the Final Approval Order becomes binding upon the later of: (1) the day after the last day by which a notice of appeal of the Final Approval Order and/or of an order rejecting any motion to intervene may be timely filed, and none is filed; (2) if such an appeal is filed, and the Final Approval Order is affirmed, the day after the last date for filing a request for further review of the decision passes and no further review is requested; (3) if an appeal is filed and further review of the decision affirming the Final Approval Order is requested, the day after the request for review is denied with prejudice and/or no further review of the decision can be requested; or (4) if review is accepted, the day after the United States or California Supreme Court affirms the Settlement.

Within 15 calendar days following Defendants’ deposit of the Total Settlement Amount with the Settlement Administrator, the Settlement Administrator will prepare and mail Individual Settlement Payments, less applicable taxes and withholdings, to Settlement Class Members and PAGA Employees.

Check Cashing Deadline. If you receive an Individual Settlement Payment, you must cash the check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class Members or PAGA Employees whose checks are not cashed within 180 days after mailing will be transferred to the California Secretary of State- Unclaimed Property Fund under the unclaimed property laws in the name of the Settlement Class Member or PAGA Employee.

B. Your Workweeks Based on Defendants’ Records

According to Defendants’ records:

During the Class Period, you worked for Defendants as an hourly-paid or non-exempt employee in California for Workweeks.

During the PAGA Period, you worked for Defendants as an hourly-paid or non-exempt employee in California for Workweeks.

If you wish to dispute the number of Workweeks credited to you, you must submit a written letter to the Settlement Administrator. The written dispute must: (a) contain the case name and number of the Action (*Gilberto Rodriguez v. Cardinal Paint and Powder, Inc.*, Los Angeles County Superior Court, Case No. 20STCV14711); (b) be signed by you; (c) contain your full name, address, telephone number, and the last four digits of your Social Security Number; (d) clearly state that you dispute the number of Workweeks credited to you and what you contend is the correct number to be credited to you; (e) include information and/or attach documentation demonstrating that the number of Workweeks that you contend should be credited to you is correct; and (f) be mailed to the Settlement Administrator at the address listed in Section IV.B below, postmarked **on or before October 28, 2021.**

C. Your Estimated Individual Settlement Share and Individual PAGA Payment

As explained above, your estimated Individual Settlement Share and Individual PAGA Payment are based on the number of Workweeks credited to you.

Under the terms of the Settlement, your Individual Settlement Share is estimated to be \$_____ and your Individual PAGA Payment (if applicable) is estimated to be \$_____. The Individual Settlement Share is subject to reduction for the employee's share of taxes and withholding with respect to the wage portion of the Individual Settlement Share.

Individual Settlement Payments will only be distributed if the Court gives Final Approval of the Settlement and after the Settlement goes into effect.

The Settlement approval process may take multiple months. Your Individual Settlement Share and Individual PAGA Payment reflected in this Notice is only an estimate. Your actual Individual Settlement Share and Individual PAGA Payment may be higher or lower.

D. Released Class Claims

Unless you submit a request for exclusion, each of the Settlement Class Members (including the Class Representative) will, by operation of the Judgment, release the Released Parties from the Released Class Claims for the Class Period upon the Effective Date if the Court grants final approval of the settlement.

“Class Period” means April 15, 2016 through August 12, 2021.

“Released Class Claims” means all claims actually alleged or that could have been alleged in the Action by Plaintiff, on behalf of himself and the Settlement Class Members, based on the facts alleged in the Action including but not limited to:

(1) Violation of California Labor Code §§ 510, 1194 and 1198, and IWC Wage Order 4-2001, § 3 (Unpaid Overtime); (2) Violation of California Labor Code §§ 226.7, 510, 512, 1194, 1197, and IWC Wage Order 4-2001, § 11 (Failure to Provide Meal Periods and Unpaid Meal Period Premiums); (3) Violation of California Labor Code §§ 226.7, 512 and IWC Wage Order 4-2001, § 12 (Failure to Provide Rest Periods and Unpaid Rest Period Premiums); (4) Violation of California Labor Code §§ 1194, 1197, and 1197.1, and IWC Wage Order 4-2001, § 4 (Unpaid Minimum Wages); (5) Violation of California Labor Code §§ 201, 202, and 203 (Final Wages Not Timely Paid); (6) Violation of California Labor Code § 204 (Wages Not Timely Paid During Employment); (7) Violation of California Labor Code § 226(a) and IWC Wage Order 4-2001, § 7 (Non-Compliant Wage Statements); (8) Violation of California Business & Professions Code §§ 17200, *et seq.*; (9) failure to pay all minimum and overtime wages due under the Fair Labor Standards Act (29 U.S.C. §201, *et seq.*, if you negotiate your Individual Settlement Payment check); and (10) attorneys' fees and costs of litigation associated with this Action.

“Released Parties” means (i) Defendants Cardinal Paint and Powder, Inc., Cardinal Industrial Finishes, and their past, present, and future parents, subsidiaries, affiliates, divisions, joint ventures, licensees, franchisees, and any other legal entities, whether foreign or domestic, and (ii) the past, present, and future shareholders, officers, directors, members, investors, agents, employees, consultants, representatives, fiduciaries, insurers, attorneys, legal representatives, predecessors, successors, and assigns of the entities listed in (i).

This release is null and void if Defendants fail to fully fund the Settlement.

E. PAGA Release

If you are a PAGA Employee and if the Court approves the Settlement, then whether or not you exclude yourself from the Settlement Class, you will receive an Individual PAGA Payment and you will no longer be able to seek penalties pursuant to the California Labor Code Private Attorneys General Act based on the PAGA Release.

“PAGA Release” means PAGA Employees will release and discharge the Released Parties from civil penalties under California Labor Code Private Attorneys General Act of 2004 as asserted in the operative complaint that arose during the PAGA Period premised on the facts, claims, causes of action or legal theories that were asserted in the operative complaint and disclosed in the LWDA letter including: (1) Violation of California Labor Code §§ 510 and 1198 (Unpaid Overtime);

(2) Violation of California Labor Code §§ 226.7 and 512(a) (Failure to Provide Meal Periods and Unpaid Meal Period Premiums); (3) Violation of California Labor Code § 226.7 (Failure to Provide Rest Periods and Unpaid Rest Period Premiums); (4) Violation of California Labor Code §§ 1194, 1197, and 1197.1 (Unpaid Minimum Wages); (5) Violation of California Labor Code §§ 201 and 202 (Final Wages Not Timely Paid); (6) Violation of California Labor Code § 204 (Wages Not Timely Paid During Employment); (7) Violation of California Labor Code § 226(a) (Non-Compliant Wage Statements); and (8) Violation of California Labor Code § 1174(d) (Failure To Keep Requisite Payroll Records)

“PAGA Period” means April 15, 2019 through August 12, 2021.

This release is null and void if Defendants fail to fully fund the Settlement.

F. Class Counsel Award to Class Counsel

Class Counsel will seek attorneys' fees in an amount of up to 1/3 of the Total Settlement Amount (i.e., up to \$255,000) and reimbursement of litigation costs and expenses in an amount of up to thirty thousand dollars (\$30,000), to be paid from the Total Settlement Amount, subject to approval by the Court. Class Counsel have been prosecuting the Action on behalf of Plaintiff and Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses.

G. Service Award to Plaintiff

Plaintiff will seek the amount of Five Thousand Dollars (\$5,000) as a Service Award in recognition of his services in connection with the Action. The Service Award will be paid from the Total Settlement Amount subject to approval by the Court, and if awarded, it will be paid to Plaintiff in addition to Plaintiff's Individual Settlement Payments that he is entitled to under the Settlement.

H. Settlement Administrator Expenses to the Settlement Administrator

Payment to the Settlement Administrator is estimated not to exceed Nine Thousand Seven Hundred Fifty Dollars (\$9,750.00) for the costs of the Notice and settlement administration process, including and not limited to, the expense of notifying the Class Members of the Settlement, receiving and reviewing requests for exclusion, objections, and/or disputes, if any, submitted by Class Members, calculating Individual Settlement Shares and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and will be paid from the Total Settlement Amount subject to approval by the Court.

I. Conditions of Settlement

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

IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. Participate in the Settlement

If you want to receive money from the Settlement, you do not have to do anything. You will automatically be issued your Individual Settlement Payment unless you decide to exclude yourself from the Settlement. Unless you elect to exclude yourself from the Settlement, you will be bound by the terms of the Settlement and any judgment that may be entered by the Court based thereon, and you will be deemed to have released the Released Parties for the Released Class Claims, as described in Section III.D above. As a Settlement Class Member, you will not be separately responsible for the payment of attorney's fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney's fees and expenses.

B. Request Exclusion from the Settlement

If you do not wish to participate in the Settlement, you may seek exclusion from (or "opt out" of) the Settlement by submitting a timely, written request for exclusion from the Settlement to the Settlement Administrator at the following address:

Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863

The request for exclusion must: (a) include your name, address, telephone number, and last four digits of your Social Security number; (b) include the name and case number of the this Action (*Gilberto Rodriguez v. Cardinal Paint and Powder, Inc.*, Los Angeles County Superior Court, Case No. 20STCV14711); (c) include a clear and unequivocal statement that you wish to be excluded from the Settlement; (d) include your signature; and (e) be mailed to the Settlement Administrator at the address listed above, postmarked **no later than October 28, 2021**.

If the Court grants final approval of the Settlement, any Class Member who submits a timely and valid request for exclusion from the Settlement will not be entitled to receive any payment from the Settlement, will not be bound by the Settlement (and the release of Released Class Claims stated in Section III.D above), and will not have any right to object to, appeal, or comment on the Settlement. Any Class Members who do not submit a timely and valid request for exclusion from the Settlement will be deemed Settlement Class Members and will be bound by all terms of the Settlement, including those pertaining to the release of Released Class Claims stated in Section III.D above, as well as any judgment that may be entered by the Court based thereon.

You have no right to opt out of the PAGA Release. If you are a PAGA Employee, you will receive an Individual PAGA Payment, whether or not you choose to request exclusion from the remainder of the settlement.

C. Object to the Settlement

You can object to the terms of the Settlement as long as you have not submitted a request for exclusion from the Settlement. To object to the Settlement in writing, you must provide to the Settlement Administrator a written objection that includes the following: (a) your full name, address, telephone number, last four digits of your Social Security number, and signature; (b) the name and case number of this Action (*Gilberto Rodriguez v. Cardinal Paint and Powder, Inc.*, Los Angeles County Superior Court, Case No. 20STCV14711); (c) a statement of the specific legal and factual basis for each objection argument; (d) statement whether you intend to appear at the Final Approval Hearing, either in person or through counsel and, if through counsel, a statement identifying that counsel by name, bar number, address, and telephone number; and (e) be filed or postmarked **no later than October 28, 2021**.

If you choose to object to the Settlement, you may also appear at the Final Approval Hearing scheduled for **December 6, 2021, at 10:00 a.m.**, in Department 09 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012. You have the right to appear either remotely, in person or through your own attorney at this hearing. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before October 28, 2021. All objections or other correspondence must state the name and number of the case, which *Gilberto Rodriguez v. Cardinal Paint and Powder, Inc.*, Los Angeles County Superior Court, Case No. 20STCV14711.

You have no right to object to settlement of the PAGA Claims.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Department 09 of the Los Angeles County Superior Court, located at 312 North Spring St, Los Angeles, CA 90012, on **December 6, 2021, at 10:00 a.m.**, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate and whether the attorneys' fees and costs to Class Counsel, Service Award to Plaintiff, and Settlement Administrator Expenses to the Settlement Administrator should be awarded.

The hearing may be continued without further notice to the Class Members. Any changes to date, time, or location of the Final Approval Hearing will be posted on the Settlement Administrator's website <http://www.phoenixclassaction.com/>. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

Any Class Member who elects to appear personally at the Court for any reason related to this Action must comply with the Court's social distancing and mandatory face covering requirements, as well as other orders related to COVID-19. All such rules and orders can be located at the Court's website: www.lacourt.org.

For more information on how to appear remotely, please visit the Court's website at <http://www.lacourt.org/division/civil/CI0040.aspx> and <https://www.lacourt.org/lacc/>.

If the Court grants final approval of the Settlement, the Notice of the Court's final judgment will be posted on the Settlement Administrator's website <http://www.phoenixclassaction.com/>.

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement Agreement, you should review the detailed Settlement Agreement and other papers which are on file with the Court.

You may view the Settlement Agreement and other court records in the Action for a fee by visiting the civil clerk's office, located at 111 North Hill Street, Los Angeles, California 90012, during business hours, or by online by visiting the following website: <https://www.lacourt.org/documentimages/civilimages/publicmain.aspx>.

Due to COVID-19, appointments are required for in person clerk's office services. Please visit the Court's website at http://www.lacourt.org/newsmedia/uploads/142020529162327NR_Clerks_Office_05_29_20-FINAL.pdf and <https://www.lacourt.org/> for information on how to make an appointment in the Clerk's Office. The Settlement Agreement will also be available on the Settlement Administrator's website specific to the case the address for which is <http://www.phoenixclassaction.com/>.

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT.

IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: (800) 523-5773, OR YOU MAY ALSO CONTACT CLASS COUNSEL.

THE DEADLINE FOR SUBMITTING ANY DISPUTES, REQUESTS FOR EXCLUSION, OR OBJECTIONS IS OCTOBER 28, 2021 THESE DEADLINES WILL BE STRICTLY ENFORCED.

BY ORDER OF THE COURT ENTERED ON AUGUST 12, 2021