

NOTICE OF SETTLEMENT OF CLASS ACTION

(McGinnis, et al. v. Norred and Associates, Superior Court of the State of California,
County of Los Angeles, Case No. 20STCV03629)

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT.
PLEASE READ THIS NOTICE CAREFULLY.**

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	To receive a cash payment from the Settlement, you do not have to do anything. Your estimated Individual Settlement Share is: \$<<__>>. See the explanation in Section 5 below. After final approval by the Court, the payment will be mailed to you at the same address as this notice. In exchange for the settlement payment, you will release claims against the Defendant as detailed in Section 4 below. If your address has changed, you must notify the Settlement Administrator as explained in Section 6 below.
Exclude Yourself	To exclude yourself, you must send a written request for exclusion to the Settlement Administrator as provided below. If you request exclusion, you will receive no money from the Settlement and you will not be bound by the Settlement. Instructions are set forth in Section 7 below.
Object	Write to the Court about why you do not agree with the settlement or appear at the Final Approval Hearing to make an oral objection. Directions are provided in Section 8 below.

1. Why did I get this Notice?

A proposed class action settlement (the “Settlement”) of the above-captioned action pending in the Superior Court of the State of California, in and for the County of Los Angeles (the “Court”) has been reached between Plaintiffs Merzier McGinnis and Guillermina Herrera (“Plaintiffs”) and Defendant Norred & Associates (“Defendant”) and has been granted preliminary approval by the Court. You may be entitled to receive money from this Settlement.

You have received this Notice because you have been identified as a member of the Class, which is defined as:

Any individual currently or formerly employed by Defendant in California as an hourly, non-exempt employee during the period from October 1, 2019 through November 29, 2021.

The Class Period is the period of time from October 1, 2019 through November 29, 2021.

This Notice explains the lawsuit, the Settlement, and your legal rights. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

On December 6, 2019, Plaintiff Guillermina Herrera filed a representative action for civil penalties pursuant to California’s Private Attorneys General Act, Labor Code Section 2698, et seq. (“PAGA”) in the Los Angeles County Superior Court, Case No. 19STCV44117 (“*Herrera* PAGA Action”).

On January 29, 2020, Plaintiff McGinnis filed this lawsuit entitled *Merzier McGinnis v. Norred & Associates, Inc., et al.*, Los Angeles County Superior Court, Case Number 20STCV03629 in the Los Angeles County Superior Court (“Action”) as a putative wage and hour class action. On May 15, 2020, Plaintiff McGinnis filed a representative action for Civil Penalties Pursuant to California’s Private Attorneys General Act, Labor Code Section 2698, et seq. (“PAGA”) in the Los Angeles County Superior Court, Case No. 20STCV18453.

Thereafter, the parties to the *Herrera* PAGA Action and *McGinnis* Actions attended a full-day private mediation on January 27, 2021 with well-respected class action mediator Hon. Edward Infante (Ret.) and reached the settlement described herein.

In order to effectuate the terms of the Settlement, the Parties to the *Herrera* PAGA Action and the *McGinnis* Actions agreed to file an amended complaint in the Action which adds Plaintiff Herrera to the *McGinnis* Action and alleges the following: (1) failure to pay wages for all hours of work at the minimum wage rate in violation of Labor Code sections 1194, 1194.2, and 1197 and the Wage Orders; (2) failure to pay wages for all hours of work at the overtime wage rate in violation of Labor Code sections 510 and 1194 and the Wage Orders; (3) failure to provide meal periods and meal period premium wages in violation of Labor Code sections 226.7 and 512 and the Wage Orders; (4) failure to provide rest breaks and rest break premium wages in violation of Labor Code section 226.7 and the Wage Orders; (5) Failure to provide complete and accurate wage statements in violation of Labor Code section 226 and the Wage Orders; (6) Failure to timely pay wages due at time of separation of employment in violation of Labor Code sections 201, 202, and 203; (7) Violation of Business and Professions Code section 17200, *et seq.*; (8) failure to adequately indemnify employees for employment-related losses/expenditures in violation of Labor Code section 2802; (9) civil penalties for violation of the California Private Attorneys General Act, California Labor Code section 2699, *et seq.*

The Court has made no ruling on the merits of Plaintiffs' claims. There was no trial.

Defendant has strongly denied, and continues to deny, Plaintiffs' factual and legal allegations. Defendant believes this lawsuit has no merit, and denies it engaged in any alleged unlawful conduct during the Class Period. Defendant contends that, at all times, it has fully complied with the California Labor Code and all applicable laws during the Class Period. Specifically, Defendant contends that (a) Plaintiffs and the Class Members were properly compensated for all wages due and owing under California law; (b) Plaintiffs and the Class Members were provided with all wages (including minimum and overtime wages) and meal and rest periods in compliance with California law; (c) Defendant complied with California wage statement requirements; (d) Defendant is not liable for any of the penalties claimed or that could be claimed in the Action; (e) Defendant paid all business expenses owed to Plaintiffs and the Class members; and (f) this Action cannot be maintained as a class action.

By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or claims in this lawsuit or that it can or should proceed as a class action. Defendant has agreed to the proposed settlement to eliminate the burden, expense, uncertainty, and distraction of further litigation.

The Court granted preliminary approval of the Settlement on November 29, 2021. At that time, the Court also preliminarily approved Plaintiffs Merzier McGinnis and Guillermina Herrera to serve as the Class Representatives, and for Joseph Lavi and Anwar Burton of the law firm Lavi & Ebrahimian; Manny Starr and Daniel Ginzburg of the law firm Frontier Law Center; and Sam Donabedian of Donabedian Law to serve as Class Counsel.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay Two Hundred Eighty Thousand Dollars (\$280,000) (the "Gross Settlement Amount") with no reversion to fund the settlement of the Action. The Gross Settlement Amount includes all payments of Individual Settlement Shares to Class Members contemplated by the Settlement, the Settlement Administration Costs, Class Counsel Fees and Class Counsel Costs to Class Counsel, Incentive Awards, and the PAGA Payment. Any employer-side payroll taxes on the portion of the Individual Settlement Shares allocated to wages shall be separately paid by Defendant.

Within sixty (60) days following the Effective Date, Defendant will fund the Gross Settlement Amount by depositing the money with the Settlement Administrator. "Effective Date" means the date the Judgment is no longer subject to appeal. Thereafter, the Settlement Administrator will mail checks for the Individual Settlement Shares to Class Members.

Amounts to be Paid From the Class Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount as follows, which will be subject to final Court approval, and which will be deducted from the Gross Settlement Amount before Individual Settlement Shares are paid to Class Members who do not request exclusion ("Participating Class Members"):

- Settlement Administration Costs. Payment to the Settlement Administrator, not to exceed \$10,000, for expenses, including without limitation expenses of notifying the Class Members of the Settlement, processing opt outs, and distributing Individual Settlement Shares and tax forms, and handling inquiries and uncashed checks.
- Attorneys' Fees and Costs to Class Counsel. Class Counsel will request an amount equal to one-third of the Gross Settlement Amount or Eighty-Eight Thousand, Three Hundred and Thirty-Three Dollars and No Cents (\$88,333.00) as Class Counsel Fees, and up to Fifteen Thousand Dollars and No Cents (\$15,000.00) as Class Counsel Costs. Class Counsel have been prosecuting the Action on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money) and has been paying all litigation costs and expenses.

- Incentive Awards. Class Counsel will also request Five Thousand Dollars and No Cents (\$5,000.00) as an Incentive Award for Plaintiffs McGinnis and Herrera each for their service to the Class. In addition to the requested enhancement payment, Plaintiff Herrera will receive \$8,000 in settlement of her individual claims that exist prior to the start of the class period.
- PAGA Payment. PAGA Payment Ten Thousand Dollars and No Cents (\$10,000.00) of the Gross Settlement allocated to settling claims for penalties under the Private Attorneys General Act (“PAGA”). Of this amount, 75% (i.e., \$7,500.00) shall be remitted to the LWDA and the remaining 25% (i.e., \$2,500.00) shall distributed to the Class as part of the Distributable Amount.

Calculation of Payments to Class Members. After all of the payments of the court-approved Class Counsel Fees, Class Counsel Costs, Incentive Awards, Additional Award, 75% of the PAGA Payment paid to the LWDA, and Settlement Administration Costs are deducted from the Gross Settlement Amount, the remaining portion, called the “Distributable Amount”, shall be distributed as Individual Settlement Shares to the Participating Class Members. The Net Settlement Amount is estimated to be approximately \$_____, based upon the above proposed deductions. The Settlement Administrator will pay Individuals Settlement Shares from the Distributable Amount to each Participating Class Member. The Settlement Share for each Participating Class Member will be calculated as follows: divided by the total number of workweeks worked by all of the Participating Class Members during the Class Period to arrive at a “Settlement Share Per Workweek” value; thereafter, the Settlement Share Per Workweek will be multiplied by the number of workweeks worked by each Participating Class Member, separately. Individual Settlement Shares will be reduced for the employee’s share of taxes and withholdings.

If the Settlement is approved by the Court and you do not exclude yourself, you will automatically be mailed a check for your Individual Settlement Share (if applicable) to the same address as this Notice. You do not have to do anything to receive a payment. If your address has changed, you must contact the Settlement Administrator to inform them of your correct address to ensure you receive your payment.

Tax Matters. The respective Individual Settlement Shares to be paid to Participating Class Members under this Agreement shall be considered Thirty-Three Percent (33%) wages and Sixty-Seven Percent (67%) interest and penalties. The Settlement Administrator will make appropriate tax withholdings from payments to the Class Members herein as required by law and shall issue to each Participating Class Member appropriate W-2 tax forms for all amounts paid as wages under this Agreement, making all deductions and withholdings required under law, and 1099 tax forms for all amounts paid as penalties and interest, and file those forms with the appropriate government agencies required by law. Neither Class Counsel nor Defendant’s Counsel intend anything contained in this Notice to constitute advice regarding taxes or taxability. The tax issues for each individual are unique to him/her, and each individual may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering the Judgment.

4. What Do I Release Under the Settlement?

Released Class Claims. Upon the Effective Date and full funding of the Gross Settlement Amount, and by operation of the Agreement’s terms, and except as to such rights or claims as may be created by this Agreement, all Class Members who do not submit a valid and timely written Request for Exclusion, fully release and discharge the Released Persons from all Released Claims, whether known or unknown, during the Class Period.

“Released Claims” any and all disputes and claims arising from or related to the Complaints filed in the *McGinnis* Class, *McGinnis* PAGA, and *Herrera* PAGA Actions, which shall comprise a single Consolidated Action. To achieve a full and complete release of Released Persons (defined below), this Settlement is intended to include in its effect any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys’ fees, damages or causes of action that were pled in this case or that could have been pled based on the facts alleged in the operative *McGinnis* Class, *McGinnis* PAGA, and *Herrera* PAGA Complaints under state or federal law for (1) claims under California Labor Code Sections 201, 202, 203, 218.5, 226, 226.7, 227.3, 510, 512, 1194, 1194.2, 1197, 2802 or any subsection thereof; (2) claims for unpaid minimum wages and liquidated damages; (3) claims for unpaid overtime; (4) claims for failure to provide meal periods; (5) claims for failure to provide accurate wage statements; (6) waiting time penalties; (7) claims for unpaid expense reimbursements; (8) claims for unfair business practices under the California Business & Professions Code; (9) claims for penalties pursuant to the Private Attorneys General Act (Lab. Code §§ 2698, *et seq.*) for the Class Period; and (10) any other claims, legal theories, causes of action, complaints, and/or charges, whether unknown or known, suspected or unsuspected, that arise from or could

have been asserted, based the facts alleged in the Actions. This release is limited in time to the Class Period covering the Class Members who worked for the Released Persons in the State of California, and is limited to the Released Claims.

“Released Persons” means NORRED & ASSOCIATES, INC., and its respective agents, attorneys, insurers, past, present and future divisions, affiliates, any DBAs, predecessors, successors, shareholders, officers, directors, managers, employees, trustees, representatives, administrators, fiduciaries, assigns, subrogees, executors, partners, parents, subsidiaries, privies, and/or any and all persons and/or corporate entities acting by, through, under or in concert with any of them.

This means that, if you do not timely exclude yourself from the settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant and any other of the Released Persons about the Released Claims resolved by this Settlement. It also means that all of the Court’s orders in the Action will apply to you and legally bind you.

5. How much will my payment be?

Defendant’s records reflect that you worked << ____ >> workweeks for Defendant as an hourly, non-exempt employee in California during the Class Period.

Based on this information, your estimated Individual Settlement Share is << _____ >>.

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Settlement Administrator at the address provided in this Notice no later than February 14, 2022.

6. How can I get a payment?

To get money from the settlement, you do not have to do anything. A check for your Individual Settlement Share will be mailed automatically to the same address as this Notice. If your address is incorrect or has changed, you must notify the Settlement Administrator. The Settlement Administrator is: Phoenix Settlement Administrators at (800) 523-5773.

The Court will hold a Final Approval Hearing on April 6, 2022 at 10:00 a.m. to decide whether to approve the Settlement. If the Court approves the Settlement and there are no objections or appeals, payments will be mailed approximately four months after this hearing. If there are objections or appeals, resolving them can take time, usually more than a year. Please be patient.

7. What if I don’t want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or “opt out.” **If you opt out, you will not receive an Individual Settlement Share from the Settlement, and you will not be bound by the Settlement which means you will retain the right to sue Defendant for Released Claims.**

If you want to be excluded from the settlement outlined herein, you must mail to the Settlement Administrator a legibly written statement stating “I WISH TO BE EXCLUDED FROM THE CLASS IN THE MERZIER MCGINNIS VS NORRED & ASSOCIATES, INC. CLASS ACTION LAWSUIT, LOS ANGELES SUPERIOR COURT, CASE NO. 20STCV03629. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT,” or any similar statement clearly indicating the you wish to opt out of the settlement, and any such statement shall include your name (and former names, if any), your current address, your telephone number, and last four digits of your social security number.

The address for the Settlement Administrator is Phoenix Settlement Administrators. Written requests for exclusion that are postmarked after February 14, 2022 or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release described above.

8. How do I tell the Court that I don’t agree with the Settlement?

Any Class Member who has not opted out (i.e., Participating Class Member) and believes that the Settlement should not be finally approved by the Court for any reason may object to the proposed Settlement, the attorneys’ fees, the costs and/or the enhancement award, either in writing or in person. Objections that are in writing should state: (1) the full name of the Class Member; (2) the dates of employment of the Class Member; (3) the last four digits of the Class Member’s Social Security number; (4) the basis for the Objection; and (5) whether the Class Member intends to appear at the final approval or settlement fairness hearing. A Class Member may also appear at the Final Approval hearing, either in person or through his or her own attorney, if he or she wishes to object to the Settlement.

All written Objections must be mailed to the Settlement Administrator at P.O. Box 7208, Orange, CA 92863 no later than February 14, 2022.

To object to the Settlement, you must not opt out, and if the Court approves the Settlement despite your objection, you will be bound by the terms of the Settlement in the same way as Participating Class Members who do not object and you will still be mailed a check for your Individual Settlement Share.

You may appear at the Final Approval Hearing in person and present your objection. Please note the following if you decide to come to Court for the final approval hearing:

- All persons entering any courthouse - regardless of vaccination status - shall wear a face mask over both the nose and mouth while in public areas of the courthouse, including courtrooms. Children under the age of two (2) are exempt from the order. Court employees must wear masks that meet the Cal/OSHA requirements. Individuals with a physical or mental health impairment or disability who seek an exemption from the face mask requirement must contact the ADA liaison at the courthouse prior to their appearance to request a reasonable accommodation pursuant to the Americans with Disabilities Act or Rule 1.100 of the California Rules of Court. A list of ADA liaisons is available at www.lacourt.org/ada/adahome.aspx. Individuals who decline or refuse to wear a face mask without a court order exempting them from the mask requirement will be denied entry to the courthouse and/or courtroom. Individuals who remove their face masks after entering the courthouse or courtroom will be reminded to wear them. If they refuse, they may be denied services, may have their legal matters rescheduled, and/or will be asked to leave the courthouse or courtroom immediately. Persons who refuse to leave voluntarily will be escorted out of the courthouse and/or courtroom by Los Angeles County Sheriff's Department personnel. Including courtrooms
- The Court encourages persons seeking services from the Clerk's Office, court support services, and/or the Self-Help Centers to schedule an appointment. The telephone numbers to schedule appointments for each courthouse are listed at courthouse entrances and are posted on the Court's website, www.lacourt.org.
- All persons are encouraged to use hand sanitizer when entering the courthouse, practice good handwashing hygiene, and cover their nose and mouth when coughing or sneezing, preferably with a tissue.

The addresses for Parties' counsel are as follows:

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9. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 10:00 a.m. on April 6, 2022, at the Los Angeles County Superior Court, Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, CA 90012, in Department 10 before Judge William F. Highberger. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval to the Settlement. If there are objections, the Court will consider them. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing remotely using the LA CourtConnect procedure at <https://www.lacourt.org/lacc/>. In addition, hearing dates are posted on the Internet via the Case Access page for the California Superior Court for the County of Los Angeles (<http://www.lacourt.org/casesummary/ui/index.aspx?casetype=civil>) and entering the Case No. 20STCV03629.

10. How do I get more information about the Settlement?

You may call the Settlement Administrator at (800) 523-5773.

This Notice summarizes the proposed settlement. More details are in the Settlement Agreement. You may receive a copy of the Settlement Agreement, the Judgment or other Settlement documents by going to the Settlement Administrator's website at <http://www.phoenixclassaction.com/>. You may also get more details by examining the Court's file on the Internet via the Case Access page for the California Superior Court for the County of Los Angeles and entering the Case No. 20STCV03629. If you wish to view the Court files in person, you must make an appointment with the Clerk's Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.

IMPORTANT:

- You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall pay all unclaimed funds to the paid to the California Controller's Unclaimed Property Fund in the name of the Participating Class Member where the funds can be claimed. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.