

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF STANISLAUS
Leticia Rodriguez v. Modesto Restaurant Group, LLC
Case No. CV-21-0002691

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT.

DEFENDANT WILL NOT RETALIATE AGAINST YOU FOR PARTICIPATING IN THIS SETTLEMENT.

THIS NOTICE AFFECTS YOUR RIGHTS. PLEASE READ IT CAREFULLY.

A California court authorized this notice. This is not a solicitation from a lawyer.

YOU ARE HEREBY NOTIFIED that a proposed settlement (“the Settlement”) of the above-captioned class action (“the Litigation”) filed in the Stanislaus County Superior Court has been reached by MODESTO RESTAURANT GROUP, LLC, (“Modesto Restaurant Group”) and LETICIA RODRIGUEZ (“Plaintiff”), an individual, on behalf of herself and all others similarly situated and has been granted Preliminary Approval by the Court supervising the Litigation. The Stanislaus County Superior Court has ordered that this Class Notice be sent to you because you may be a Settlement Class member. The purpose of this Class Notice is to inform you of the Settlement of this class action and your legal rights under the Settlement as follows:

- Modesto Restaurant Group, which is a franchisee for multiple Carl’s Jr. restaurants, has agreed to settle a lawsuit brought on behalf of all persons who worked for Modesto Restaurant Group in California as an hourly-paid or non-exempt employee during the period from January 21, 2017 through April 1, 2022 (the “Settlement Period”) (hereafter, “Settlement Class”).
- The proposed Settlement resolves all alleged claims regarding the following wage and hour policies and/or practices of Modesto Restaurant Group: overtime and/or double time wage, minimum wage, regular/straight time wage, failure to pay for all hours worked, meal and rest breaks (including first and second meal breaks) and any premiums thereon, wage statement violations, waiting time penalties, or other penalties of any kind arising from an alleged failure to pay wages. The settlement avoids costs and risks to you from continuing the lawsuit, pays money to employees, and releases Modesto Restaurant Group from liability for these claims.
- The parties in the lawsuit disagree on whether Modesto Restaurant Group is liable for the allegations raised in this case, whether this case could be certified as a class action or proceed on a representative basis, and how much money could have been won if the plaintiff won at trial.
- **Your legal rights may be affected. Read this notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Get a Payment	If you are a member of the Settlement Class, you will automatically receive a payment if you do not exclude yourself. If you accept a payment and do not exclude yourself you will give up certain rights as set forth on page 4 below. After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained below.
Exclude Yourself	Get no payment. Send a letter to the Settlement Administrator as provided below. This is the only option that allows you to bring your own claim against Modesto Restaurant Group about the legal claims in this case. The Settlement will bind all Settlement Class Members who do not request exclusion.
Object	Write to the Court about why you do not like the settlement. Directions are provided below.

WHY DID YOU RECEIVE THIS NOTICE?

This notice explains a proposed settlement of a lawsuit and informs you of your legal rights under that proposed settlement. You are receiving this notice because you may be a member of a class on whose behalf this lawsuit has been brought.

WHAT IS THIS LAWSUIT ABOUT?

Plaintiff filed this lawsuit in Stanislaus County Superior Court on behalf of the Settlement Class. The lawsuit alleges that members of the Settlement Class were not paid for or properly provided meal breaks, were not paid for or properly authorized and permitted rest breaks, were not issued accurate itemized wage statements, were not paid all minimum, straight time, and overtime wages, were not timely paid all wages due at termination and/or resignation, were subjected to unfair competition, and are entitled to civil penalties under California's Private Attorneys General Act. The lawsuit seeks recovery of wages, restitution, statutory and civil penalties, interest, and attorneys' fees and costs.

Class Counsel conducted information discovery concerning the claims and defenses set forth in the litigation, and the parties agreed to enter into settlement negotiations in an attempt to informally resolve the claims in the Litigation after exchanging relevant information and evidence. On November 30, 2021, the parties participated in a mediation with Kelly Knight, an experienced and well-respected wage and hour class action mediator. With Mr. Knight's guidance, the parties were able to negotiate a complete settlement of Plaintiff's claims.

Counsel for Plaintiff, and the attorneys appointed by the Court to represent the class, Wilshire Law Firm, PLC ("Class Counsel"), have investigated and researched the facts and circumstances underlying the issues raised in the Litigation and the applicable law. While Class Counsel believe that the claims alleged in the Litigation have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of the Settlement Class.

Modesto Restaurant Group denies any liability or wrongdoing of any kind associated with the claims alleged in the lawsuit. Modesto Restaurant Group contends, among other things, that they complied at all times with the California Labor Code, the California Business and Professions Code, and all other applicable law. Modesto Restaurant Group further denies that the lawsuit is appropriate for class treatment for any purpose other than settling this lawsuit. By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or claims in the Litigation, or that the Litigation can or should proceed as a class or representative action. Defendant has agreed to settle the case as part of a compromise with Plaintiff.

The Court has made no ruling and will make no ruling on the merits of the Litigation and its allegations and claims.

SUMMARY OF THE SETTLEMENT

A. Why is there a Settlement?

The Court did **not** decide in favor of the Plaintiff or Modesto Restaurant Group. Plaintiff thinks she would have prevailed on his claims at a trial. Modesto Restaurant Group does not think that Plaintiff would have won anything from a trial. But there was no trial. Instead, both sides agreed to a settlement. That way, they avoid the costs, risks, and uncertainty of a trial, and the class members will get compensation. Plaintiff and Plaintiff's attorneys believe the settlement is fair, reasonable, adequate, and in the best interests of all class members.

B. Who is in the Class?

The Settlement Class consists of all persons who worked for Modesto Restaurant Group in California as an hourly-paid or non-exempt employee during the Settlement Period.

C. What does the Settlement provide?

1. Settlement Amount

Modesto Restaurant Group will pay a total of Six Hundred Thousand Dollars and Zero Cents (\$661,431.36) (the "Settlement Amount") to settle the lawsuit.

The following sums will be paid from the Settlement Amount: all Net Settlement Payments (inclusive of all employment taxes and all other legally required withholdings that would otherwise be due from the individual class members) to the Settlement Class, Attorneys' Fees (not to exceed 33 ⅓ % of the Settlement Amount, or \$220,477.12), Litigation Expenses not to exceed \$25,000.00, Settlement Administrative Costs in an amount estimated not to exceed \$15,000.00, the PAGA Settlement Payment in the amount of \$25,000.00, and an enhancement payment to the Named Plaintiff not to exceed \$8,000.00. Any and all Employer Taxes which Modesto Restaurant Group normally would be responsible for paying on the Net Settlement Payments made to individual Class Members will be paid by Modesto Restaurant Group separate and apart from the Settlement Amount.

The funds used for the Settlement Amount shall be paid to the Settlement Administrator. The Settlement Administrator shall disburse the Court-approved enhancement to the Named Plaintiff, Court-approved Attorneys' Fees and Litigation Expenses, Settlement Administration Costs, and the PAGA Settlement Payment at the same time and manner as the Net Settlement Payments to the Settlement Class members. Any charges and expenses of the Settlement Administrator greater than the estimated \$15,000.00 will come from the Settlement Amount. If the actual Settlement Administrator fees are less than the estimation, the difference between the actual and estimated Settlement Administrator fees will revert to the participating Settlement Class members.

2. Net Settlement Amount

"Net Settlement Amount" means the Settlement Amount minus the Attorneys' Fees, Litigation Expenses, Settlement Administrative Costs, the portion of the PAGA Settlement payment payable to the Labor and Workforce Development Agency, and the enhancement payment to the Named Plaintiff.

3. Your Individual Payment Amount.

The Settlement Administrator will calculate the total number of workweeks for all Class Members who were employed by Modesto Restaurant Group during the Settlement Period ("Total Workweeks"). The value of each Workweek shall be determined by the Claims Administrator by dividing the Net Settlement Amount by the total number of Workweeks available to the Class Members who do not "opt out" (as defined on pages 5-6 below) during the Settlement Period ("Workweek Point Value").

An "Individual Settlement Payment" for each Class Member will then be determined by multiplying a Class Member's workweeks ("Eligible Workweeks") by the Workweek Point Value. Eligible Workweeks are calculated as the number of days between a Class Member's start date and end date working as an hourly-paid or non-exempt employee for Defendant during the Settlement Period, divided by seven. Where a Class Member has worked multiple eligible stints or tenures during the Settlement Period, the number of Eligible Workweeks in each eligible stint will be added together to produce a total number of Eligible Workweeks for that Class Member. The Individual Settlement Payment will be reduced by any required legal deductions, for each participating Class Member. If there are any timely and valid requests for exclusion or disputes regarding the number of workweeks worked, the Settlement Administrator shall proportionately adjust each participating Class Member's share of the Net Settlement Amount according to the number of Eligible Workweeks worked, so that the amount actually distributed to the participating Class Members equals 100% of the Net Settlement Amount.

PAGA Civil Penalties Payment: The parties have agreed to allocate \$25,000 towards the settlement of the PAGA claims in the litigation. \$18,750 will be paid to the State of California Labor and Workforce Development Agency, representing its 75% share of the civil penalties. The remaining \$6,250 will be allocated to PAGA employees, which are persons who worked for Modesto Restaurant Group in California as an hourly-paid or non-exempt employee during the PAGA Settlement Period of January 25, 2020 through April 1, 2022, whichever is earlier. The PAGA employees will be paid proportionately their share of the \$6,250 based on pay periods worked during the PAGA Settlement Period, calculated as as the number of days between a PAGA Employee's start date and end date working as an hourly-paid or non-exempt employee for Defendant during the PAGA Settlement Period, divided by 14, then further divided by the overall number of PAGA pay periods worked during the PAGA Settlement Period, and multiplied by the total \$6,250 settlement portion to employees.

4. Tax Matters

The Settlement Administrator will distribute IRS Forms W-2 and 1099 (and the equivalent California forms) to Settlement Class members reflecting the payments each Settlement Class member receives under the Settlement. For tax purposes, Net Settlement Payments will be allocated as follows: 33 1/3 % as wages and 66 2/3 % as penalties and interest. Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by the Internal Revenue Code and the California Franchise Tax Board. Payments of PAGA Settlement amounts will be allocated as penalties and interest, and Forms 1099 will be distributed accordingly.

Interest and penalties paid under this Settlement shall not be subject to federal, state and local payroll withholding taxes. The Settlement Administrator shall issue an IRS form 1099 for payments of interest and penalties. The usual and customary deductions will be taken out of the amounts attributable to unpaid wages. Settlement Class members should consult with their tax advisors concerning the tax consequences of the payment they receive under the Settlement.

D. What are you giving up to get a payment and stay in the Class?

Upon the date the Court’s Final Approval Order becomes “Final” (as that term is defined in Section I(E) in the Settlement Agreement) and all payments are made by Modesto Restaurant Group pursuant to the Settlement Agreement, 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 any and all wage or penalty-related claims, including all claims for damages, attorneys’ fees and costs, expenses, penalties, and injunctive relief, that were alleged in the Litigation or which could have been alleged in the Litigation based on the facts asserted in the Litigation arising during the Settlement Period against Modesto Restaurant Group, and its divisions, affiliates, predecessors, successors, shareholders, officers, directors, employees, agents, trustees, representatives, administrators, fiduciaries, assigns, subrogees, executors, partners, parents, subsidiaries, joint employers, insurers, attorneys, and related corporations, individually and collectively, including but not limited to: 1) all claims, under any legal theory of liability, for the failure to pay overtime or double time wages owed pursuant to California Labor Code §§ 204, 510, 1194, and 1198, the IWC Wage Orders or any comparable federal statute under any theory of liability; 2) all claims, under any legal theory of liability, for the failure to pay all wages of any kind, including any minimum wage or straight time wages, owed pursuant to California Labor Code §§ 204, 510, 1194, 1194.2, and 1198, the IWC Wage Orders, or any comparable federal statute under any theory of liability; 3) all claims, under any legal theory of liability, for failure to provide meal breaks pursuant to California Labor Code §§ 226.7 and 512, and the IWC Wage Orders; 4) all claims, under any legal theory of liability, for the failure to authorize and permit rest periods pursuant to California Labor Code § 226.7 and the IWC Wage Orders; 5) all claims, under any legal theory of liability, for the failure to properly calculate any premiums owed and/or paid pursuant to California Labor Code § 226.7(b); 6) all claims, under any legal theory of liability, for violation of Business & Professions Code §§ 17200, *et seq.*; 7) all claims, under any legal theory of liability, for penalties pursuant to PAGA (Labor Code §§ 2698 *et seq.*); 8) all claims, under any legal theory of liability, for any penalties of any kind arising from an alleged failure to pay final wages or other amounts allegedly owed to Class Members pursuant to California Labor Code §§ 201-203; 9) all claims, under any legal theory of liability, for any penalties of any kind arising from any alleged wage statement or recordkeeping violations pursuant to California Labor Code §§ 226, 1174, and 1174.5; and 10) all claims, under any legal theory of liability, for any penalties or any another amounts that could be potentially owed to Class Members arising out of and/or related to the allegations in the Lawsuit arising during the Settlement Period, including penalties owed pursuant to California Labor Code §§ 210, 226.3, 558, and 1197.1.

PAGA Release: In addition, upon the date the Court’s Final Approval Order becomes “Final” (as that term is defined in Section I(E) above) and all payments are made by Defendant pursuant to this Agreement, Named Plaintiff and all PAGA Employees waive, release, discharge, and promise never to assert in any forum any and all civil penalties under the Private Attorneys General Act (“PAGA”), California Labor Code section 2698 *et seq.*, and demands for related interest and attorneys’ fees on the penalties, that were asserted in the Litigation and/or letter sent to the Labor and Workforce Development Agency by Plaintiff during the PAGA Settlement Period, or which could have been alleged in the Litigation based on the facts asserted in the Litigation arising during the Settlement Period against Defendant Modesto Restaurant Group, and its divisions, affiliates, predecessors, successors, shareholders, officers, directors, employees, agents, trustees, representatives, administrators, fiduciaries, assigns, subrogees, executors, partners, parents, subsidiaries, joint employers, insurers, attorneys, and related corporations, individually and collectively. A Request to be Excluded does not exclude a PAGA Employee from the release of claims under California Labor Code § 2698, *et seq.* under the PAGA Release set forth in this Agreement, and a PAGA Employee will receive his or her Individual PAGA Settlement Payment even if he or she submits a valid Request to be Excluded.

THE FINAL APPROVAL HEARING

The Court will conduct a Final Approval Hearing regarding the proposed settlement (the “Final Approval Hearing”) on December 6, 2022, at 801 10th Street, Modesto, CA 95354, in Department 24 of the Stanislaus County Superior Court. The Court will determine: (i) whether the settlement should be given the Court’s final approval as fair, reasonable, adequate and in the best interests of the Settlement Class members; (ii) whether the Settlement Class members should be bound by the terms of the settlement; (iii) the amount of the attorneys’ fees and costs to Plaintiff’s counsel; (iv) the amount that should be provided to the Settlement Administrator for the costs of administering the Settlement; (v) the amount that should be awarded to the Plaintiff as an enhancement payment; and (vi) the amount that should be paid to the Labor and Workforce Development Agency as its portion of the penalties claimed and settled under the Private Attorneys General Act. At the Final Approval Hearing, the Court will hear all objections, as well as arguments for and against the proposed Settlement. You have a right to attend this hearing, but you are not required to do so. You also have the right to hire an attorney to represent you, or to enter an appearance and represent yourself.

The Final Approval Hearing may be continued without further notice to the Class. You may contact Plaintiff's counsel, listed in this Notice, to inquire into the date and time of the Final Approval Hearing.

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

WHAT ARE YOUR OPTIONS?

- **OPTION 1 – GET A PAYMENT**

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS AND WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT, THEN YOU DO NOT HAVE TO DO ANYTHING AND YOU WILL AUTOMATICALLY RECEIVE A SETTLEMENT PAYMENT. YOU ARE NOT REQUIRED TO GO TO COURT OR PAY ANYTHING TO THE LAWYERS IN THIS CASE.

The estimated amount of your Individual Settlement Payment is set forth on the Workweek Dispute Form which accompanies this Notice.

The amount of the Individual Settlement Payment paid to each Settlement Class member is based upon the number of workweeks you worked between January 21, 2017 through April 1, 2022. The number of workweeks applicable to your claim is also set forth on the accompanying Workweek Dispute Form. If you believe that the number of workweeks stated is incorrect, you may dispute the number of workweeks by following the instructions on the Workweek Dispute Form. If you believe that the number of workweeks stated is correct, you do not have to do anything.

The Settlement Payment you will receive will be a full and final settlement of your released claims described in Section D above.

- **OPTION 2 – EXCLUDE YOURSELF FROM THE SETTLEMENT**

You have a right to exclude yourself ("opt out") from the Settlement Class, but if you choose to do so, you will not receive any benefits from the proposed settlement. You will **not** be bound by a judgment in this case and you will have the right to file your own lawsuit against Modesto Restaurant Group, subject to time limits called statute of limitations and other potential defenses that Modesto Restaurant Group may assert, and to pursue your own claims in a separate suit.

You can opt out of the Settlement Class by completing the form on **Page 8** of this Notice and mailing it by First Class U.S. Mail or equivalent to the Settlement Administrator at the following address: Phoenix Settlement Administrators, P.O. Box 7208, Orange, CA 92863, Telephone: (800) 523-5773. To be valid, your request for exclusion must be postmarked no later than **October 17, 2022**.

- **OPTION 3 – OBJECT TO THE SETTLEMENT**

If you wish to remain a Settlement Class member, but you object to the proposed settlement (or any of its terms) and wish the Court to consider your objection at the Final Approval Hearing, you may object to the proposed settlement in writing. You may also appear at the Final Approval Hearing, either in person or through an attorney at your own expense.

Any written objection may be mailed to the Settlement Administrator at Phoenix Settlement Administrators, P.O. Box 7208, Orange, CA 92863, Telephone: (800) 523-5773 by **October 17, 2022**.

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CHANGE OF ADDRESS

If you move after receiving this Notice, if it was misaddressed, or if for any reason you want your Settlement Award or future correspondence concerning this Litigation to be sent to a different address, you must supply your preferred address to the Settlement Administrator at:

Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
Telephone: (800) 523-5773
Facsimile: (949) 209-2503
Email: notice@phoenixclassaction.com

ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

The above is a only summary of the basic terms of the settlement. For the precise terms and conditions of the settlement, you may review the detailed “Stipulation of Settlement” which is available for viewing online on the following website:

URL: <http://www.phoenixclassaction.com/>

The pleadings and other records in the lawsuit are also available on the website.

ANY INQUIRIES BY CLASS MEMBERS REGARDING THIS CLASS NOTICE AND/OR SETTLEMENT SHOULD BE MADE TO PLAINTIFF’S COUNSEL LISTED ABOVE OR TO THE SETTLEMENT ADMINISTRATOR, Phoenix Class Action Administrators, P.O. Box 7208, Orange, CA, 9286, (800) 523-5773. Please refer to the *Leticia Rodriguez v. Modesto Restaurant Group, LLC* Class Action Settlement.

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