

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE

GERMAN ESPINOSA, individually and on behalf of
all others similarly situated,

Plaintiff,

v.

STATES DRAWER BOX SPECIALTIES, LLC, a
Delaware limited liability company; and DOES 1
through 100, inclusive,

Defendants.

Case No. 30-2021-01197170-CU-OE-CXC

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED SETTLEMENT**

To: All current and former non-exempt employees of States Drawer Box Specialties, LLC in California at any time from April 23, 2017, through June 30, 2022.

**THIS NOTICE HAS BEEN PROVIDED IN BOTH ENGLISH AND SPANISH
PLEASE READ CAREFULLY**

YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT

**YOU MUST UPDATE THE CLAIMS ADMINISTRATOR REGARDING ANY CHANGES TO YOUR ADDRESS
THROUGH DECEMBER 31, 2022, IF YOU WISH TO ENSURE RECEIPT OF YOUR INDIVIDUAL SETTLEMENT
PAYMENT**

Why should you read this Notice?

The Court has granted preliminary approval of a proposed settlement (the “Settlement”) in the matter of *German Espinosa v. States Drawer Box Specialties, LLC*, Orange County Superior Court Case No. 30-2021-011971170-CU-OE-CXC (the “Complaint” or “Lawsuit”). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from this Settlement. States Drawer Box Specialties, LLC’s (“DBS”) records show that you were a non-exempt employee who worked for DBS between April 23, 2017, through June 30, 2022 (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Lawsuit, 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 to the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff German Espinosa brought this Lawsuit against Defendant States Drawer Box Specialties, LLC (“Defendant”) on a class action basis on behalf of a class of all current and former non-exempt employees of Defendant who worked in the State of California during the period from April 23, 2017, through June 30, 2022. Plaintiff is known as the “Class Representative,” and his attorneys, who also represent the interests of all Settlement Class Members, are known as “Class Counsel.”

The Lawsuit alleges that Defendant: (i) failed to pay non-exempt employees all minimum wages and overtime wages owed due to Defendant’s minimum wage and overtime wage policies/practices; (ii) failed to provide meal periods in accordance with California law or pay meal period premiums for missed and/or non-compliant meal periods; (iii) failed to authorize and permit rest periods in accordance with California law or pay rest period premiums for missed and/or non-compliant rest periods, (iv) failed to issue accurate and complete itemized wage statements to non-exempt employees, (v) failed to pay all final wages owed to non-exempt employees who separated their employment from Defendant, (vi) engaged in unlawful business practices pursuant to California Business and Professions Code sections 17200, *et seq.*; and (vii) are liable for civil penalties under the Labor Code Private Attorneys General Act of 2004 (“PAGA”), Labor Code sections 2698, *et seq.* Defendant denies that it has done anything wrong. Defendant also denies that it owes Settlement Class Members any wages, restitution, penalties, damages, or other amounts. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Defendant, by whom all liability is expressly denied.

The Court has not ruled on the merits of Plaintiff's claims. However, to avoid additional expense, inconvenience, and interference with their business operations, Defendant has concluded that it is in its best interest and the interests of Settlement Class Members to settle the Lawsuit on the terms summarized in this Notice. Defendant provided relevant information to Class Counsel and the Settlement was reached after a mediation.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Defendant, the risk of denial of class certification, the inherent risk of trial on the merits, and the delays and uncertainties associated with litigation.

If you are still employed by States Drawer Box Specialties, LLC, or its related companies, your decision about whether to participate in the Settlement will not affect your employment. California law and Defendant's policy strictly prohibit unlawful retaliation. Defendant will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class Member because of his/her decision to either participate or not participate in the Settlement.

Who are the Attorneys?

<p>Attorneys for Plaintiff/Settlement Class:</p> <p>HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, CA 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com</p> <p>SANI LAW, APC Sam Sani ssani@sanilawfirm.com 15720 Ventura Blvd., Suite 405 Encino, CA 91436 Tel: (310) 935-0405 Fax: (310) 935-0409 www.sanilawfirm.com</p>	<p>Attorneys for States Drawer Box Specialties, LLC:</p> <p>CURRIER & HUDSON, APC Kendall C. Swanson kendall@currierhudson.com Jacob G. Grillot jake@currierhudson.com P.O. Box 910329 San Diego, California 92191 Tel: (619) 866-6159 Fax: (619) 793-4731 www.currierhudson.com</p>
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Who is the Claims Administrator?

<p>Phoenix Class Action Administration Solutions P.O. Box 7208 Orange, CA 92863 Telephone: (800)523-5773 Facsimile: (949)209-2503 E-mail: notice@phoenixclassaction.com</p>
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What are the terms of the Settlement?

On September 19, 2022, the Court preliminarily certified a class, for settlement purposes only, of all current and former non-exempt employees who worked for Defendant in California during the Class Period ("Settlement Class Members"). Settlement Class Members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Defendant as described below.

Defendant has agreed to pay \$350,000.00 (the "Maximum Settlement Amount") to fully resolve all claims in the Lawsuit, including payments to Settlement Class Members, Class Counsel's attorneys' fees and expenses, claims administration costs, and the Class Representative Enhancement Payment.

The following deductions from the Maximum Settlement Amount will be requested by the parties:

Attorneys' Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of Settlement 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. The Court will determine the actual amount awarded to Class Counsel as attorneys' fees, which will be paid from the Maximum Settlement Amount. Settlement Class Members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for up to thirty-three and one-third percent of the Maximum Settlement Amount, which is currently

estimated at \$116,666.66, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$20,000.00 in verified costs incurred in connection with the Lawsuit.

Claims Administration Costs. The Court has approved Phoenix Class Action Administration Solutions to act as the “Claims Administrator,” who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$7,000.00 from the Maximum Settlement Amount to pay the claims administration costs.

Enhancement Payment to Class Representative. Class Counsel will ask the Court to award the Class Representative an enhancement payment in the amount of \$10,000.00 for his services and extra work provided on behalf of the Settlement Class Members.

PAGA Payment to State of California. The parties have agreed to allocate \$20,000.00 towards the Settlement of the PAGA claims in the Lawsuit. \$15,000.00 will be paid to the State of California Labor and Workforce Development Agency, representing its 75% share of the civil penalties. The remaining \$5,000.00 (the “PAGA Amount”) will be allocated to Settlement Class Members who were employed by Defendant at any time from April 23, 2020, through June 30, 2022 (the “PAGA Period”) based on the proportionate number of workweeks that they worked during the aforementioned time period. Each Settlement Class Member who was employed by Defendant during the PAGA Period will be issued a check for their share of the PAGA Amount regardless of whether the Settlement Class Member submits a timely and valid Request for Exclusion from the Settlement as described below.

Calculation of Class Members’ Individual Settlement Payments. After deducting the Court-approved amounts above, the balance of the Maximum Settlement Amount will form the Net Settlement Amount, which will be distributed to all participating Settlement Class Members who do not submit a valid and timely Request for Exclusion from the Settlement. The Net Settlement Amount is estimated at approximately \$176,333.34, and will be divided as follows:

- (i) Ten percent (10%) of the Net Settlement Amount shall be designated as the “Wage Statement Amount.” Each participating Settlement Class Member who was employed by Defendant at any time from April 23, 2020, to June 30, 2022, shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.
- (ii) Fifteen percent (15%) of the Net Settlement Amount shall be designated as the “Waiting Time Amount.” Each participating Settlement Class Member who separated their employment with Defendant between April 23, 2018, and June 30, 2022, shall receive an equal, pro-rata share of the Waiting Time Amount.
- (iii) The remainder of the Net Settlement Amount will be distributed to each participating Settlement Class Member based on their proportionate number of workweeks worked during the Class Period, by multiplying the remaining Net Settlement Amount by a fraction, the numerator of which is the Settlement Class Member’s total workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all Settlement Class Members during the Class Period.

Payments to Settlement Class Members. If the Court grants final approval of the Settlement, and after Defendant has fully funded the Maximum Settlement Amount, Individual Settlement Payments will be mailed to all Settlement Class Members who did not submit a valid and timely Request for Exclusion Form from the Settlement. Defendant has agreed to pay the Maximum Settlement Amount within thirty days of when the Court grant final approval of the Settlement. No Individual Settlement Payments will be distributed until after Defendant has fully paid the Maximum Settlement Amount. Each Settlement Class Member who receives an Individual Settlement Payment must cash that check within 180 days from the date the Claims Administrator mails the check. Any funds payable to a Settlement Class Member whose checks remain uncashed 180 calendar days after such checks are mailed by the Claims Administrator shall become void, and the funds associated with such voided checks, plus any accrued interest that has not otherwise been distributed shall be distributed to the Controller of the State of California to be held pursuant the Unclaimed Property Law, California Civil Code section 1500 et seq., for the benefit of those Settlement Class Members who did not cash their checks until such time that they claim their property.

Allocation and Taxes. For tax purposes, each Individual Settlement Payment shall be treated as follows: one-fifth as “wages,” for which an IRS Form W-2 will be issued; and four-fifth as penalties and interest, for which an IRS Form 1099 will be issued. Settlement Class Members are responsible for the proper income tax treatment of the Individual Settlement Payments. Defendant shall pay its normal company share of payroll taxes on all wages paid as part of this Settlement separate and apart from the Maximum Settlement Amount. The Claims Administrator, Defendant and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court approves the Settlement, the Settlement Class, and each Settlement Class Member who has not submitted a timely and valid Request for Exclusion from the Settlement, will release and discharge Defendant, its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents, and attorneys (collectively the “Released Parties”) from any and all federal and state wage-and-hour claims, demands, rights, liabilities, and causes of action of every nature and description,

whether known or unknown, that were or could have been asserted based on the factual allegations in the Complaint by Plaintiff against Defendant, including, without limitation, all of the following: (a) statutory, constitutional, contractual, or common law claims for unpaid wages, overtime, restitution, interest, liquidated damages and/or penalties; (b) claims for any alleged underpayment of wages, including failure to pay all minimum wages and overtime wages owed; (c) claims for failure timely to pay wages when due; (d) claims for failure to provide compliant meal periods or pay meal period premiums for missed and/or non-compliant meal periods; (e) claims for failure to authorize and permit compliant rest periods or pay rest period premiums for missed and/or non-compliant rest periods; (f) claims for failure to keep accurate records of non-exempt employees' hours worked and wages earned; (g) claims for wage statement violations; (h) waiting time penalties under Labor Code section 203 deriving from the same underlying violations; (i) unfair business practices under California Business & Professions Code section 17200 *et seq.*, (j) liquidated damages, interest, attorney's fees, litigation costs, restitution, or equitable relief (collectively, the "Released Claims"). The period of the Released Claims shall extend from April 23, 2017, through June 30, 2022 (the "Class Period").

PAGA Release. Regardless of whether Settlement Class Members submit a timely and valid Request for Exclusion from the Settlement, Settlement Class Members will release all claims for civil penalties under the California Labor Code Private Attorney General Act, Labor Code section 2698 *et seq.* ("PAGA") with respect to the underlying wage and hour claims that were pled or that could have been pled in the Complaint and in Plaintiff's April 23, 2021 letter to the Labor and Workforce Development Agency (the "PAGA Released Claims"). The period of the PAGA Released Claims shall extend from April 23, 2020, through June 30, 2022 (the "PAGA Period").

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 a Judgment.

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your Individual Settlement Payment based on the number of workweeks you worked during the relevant time periods, as stated in the enclosed Notice of Settlement Award. You will also be bound by the Settlement, including the release of claims stated herein.

What other options do I have?

Disputing Information in Notice of Settlement Award. As stated above, your Individual Settlement Payment is based on the number of workweeks you worked during the relevant time periods. The information contained in Defendant's records regarding this factor, along with your estimated Individual Settlement Payment, is listed on the accompanying Notice of Settlement Award. If you disagree with what is contained in your Notice of Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than December 5, 2022. **DOCUMENTATION SENT TO THE CLAIMS ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED; DO NOT SEND ORIGINALS.**

The Claims Administrator shall have the initial responsibility of resolving all disputes that arise during the claims administration process, including, without limitation, disputes (if any) regarding the calculation of Individual Settlement Payments, the allocation of W-2 wages, and the number of workweeks worked. Where the information submitted by Defendant from its records differs from the information submitted by the Settlement Class Member, the Claims Administrator shall request a conference call between the Claims Administrator, Class Counsel, and defense counsel to discuss and resolve the dispute. In advance of the conference call, the Claims Administrator shall fax or email copies of all available information to all counsel. The parties will resolve all disputes jointly, which shall be final and binding on any Class Member disputes and shall thereafter instruct the Claims Administrator how to proceed in processing the disputed claim. If the parties cannot reach agreement, disputes shall be referred to the Court for a final determination at the Final Approval Hearing.

Excluding Yourself from the Settlement. If you **do not** wish to take part in the Settlement or if you wish to bring your own individual lawsuit against Defendant, you may exclude yourself by completing and returning to the Claims Administrator the enclosed Request for Exclusion Form ("Request for Exclusion") postmarked no later than December 5, 2022, with your name, address, telephone number, and your signature.

Send the Request for Exclusion Form directly to the Claims Administrator at P.O. Box 7208, Orange, CA 92863. Any person who submits a timely Request for Exclusion Form shall, upon receipt, no longer be a Settlement Class Member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. **Do not submit both an Objection Form and a Request for Exclusion Form.** If you do, the Request for Exclusion Form will control and the objection will be deemed moot, as you will no longer be considered a member of the Settlement Class.

However, if you are a member of the Class who was employed by Defendant at any time during the PAGA Period, you will (1) be issued a check for your share of the PAGA Amount, as defined on page three above, regardless of whether you submit a valid request to be

excluded from the Settlement; and (2) you shall be deemed to have released the Released Parties of all PAGA Released Claims during the PAGA Period.

Objecting to the Settlement. If you do not submit a Request for Exclusion Form, you have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you have two options. First, you may complete and return by mail the enclosed Objection Form to the Claims Administrator. Your Objection Form must include your name, address, telephone number, each specific reason in support of your objection, and any legal or factual support for each objection together with any evidence in support of your objection. Your written Objection Form must be postmarked on or before December 5, 2022. Second, you may object to the Settlement by appearing at the Final Approval Hearing scheduled for January 27, 2023, at 1:30 p.m. in Department CX101 of the Orange County Superior Court, Central Justice Center, 751 West Santa Ana Blvd., Santa Ana, CA 92701. You have the right to appear either 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 December 5, 2022.

All written objections or other correspondence must state the name and number of the case, which are *German Espinosa v. States Drawer Box Specialties, LLC*, Orange County Superior Court Case No. 30-2021-011971170-CU-OE-CXC.

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on January 27, 2023, at 1:30 p.m., in Department CX101 of the Orange County Superior Court, Central Justice Center, 751 West Santa Ana Blvd., Santa Ana, CA 92701. The Court will also be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses, and the Enhancement Payment to the Class Representative. **You are not required to attend the Final Approval Hearing, although any Settlement Class Member is welcome to attend the hearing.**

How can I get additional information?

This Notice is only a summary of the Lawsuit and the Settlement. For more information, the relevant documents related to the Settlement Agreement, including notice of final judgment, can be accessed for free at the following website: www.phoenixclassaction.com/epinosa-v-states-drawer-box/.

You may also contact Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT, STATES DRAWER BOX SPECIALTIES, LLC, OR ITS ATTORNEYS FOR INFORMATION ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.

REMINDER AS TO TIME LIMITS

The deadline for submitting any disputes, a Request for Exclusion Form, or an Objections Form is December 5, 2022. These deadlines will be strictly enforced.