

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

*Marcos Garnica v. Social Retail Services, Inc., et al.*

**Los Angeles County Superior Court, Case No.: 21STCV08762**

To: All individuals who worked for Defendant So Cal Retail Services, Inc. (“Defendant”) in California as hourly non-exempt employees similarly situated to Plaintiff from March 5, 2017 through March 31, 2022 (“Class Members”).

**PLEASE READ CAREFULLY**

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT**

***What Are My Options?***

**DO NOTHING**

If you do nothing, you will be entitled to your share of the Settlement based on the proportionate number of workweeks in which you worked at least one day based on Defendant’s records (“Eligible Workweek”) during the Class Period, the proportionate number of pay periods you worked during the Wage Statement Period, the proportionate number of pay periods you worked during the PAGA Period, and whether you separated from your employment with So Cal Retail Services, Inc. during the Waiting Time Period, as stated in this Notice. You also will be bound by the Settlement, including the release of claims stated above.

**DISPUTE INFORMATION IN YOUR NOTICE OF SETTLEMENT AWARD.**

Your Individual Settlement Award is based on the proportionate number of Eligible Workweeks you worked during the Class Period, the proportionate number of pay periods you worked during the Wage Statement Period, the proportionate number of pay periods you worked during the PAGA Period, and whether you have separated from your employment with So Cal Retail Services, Inc. during the Waiting Time Period. The information contained in Defendants’ records regarding each of these factors, along with your estimated Individual Settlement Award, is listed below. If you disagree with the information listed below, you may submit a dispute, along with any supporting documentation, to Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Any disputes, along with supporting documentation, must be postmarked no later than March 20, 2023.

**EXCLUDE YOURSELF FROM THE CLASS PORTION OF THE SETTLEMENT**

If you **do not** wish to take part in the Settlement, you may exclude yourself from the class portion of the settlement by completing the attached Request for Exclusion Form and sending it to the Settlement Administrator postmarked no later than March 20, 2023, with your name, address, telephone number, and your signature. Send the request for exclusion directly to the Settlement Administrator at Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Any person who submits a timely request for exclusion, shall, upon receipt by the Settlement Administrator, not be a Settlement Class Member and shall be barred from participating in any portion of the Net Settlement Fund. However, the person may not opt out of the PAGA portion of the settlement and release as described below. Class Members will receive their portion of the PAGA Amount regardless of their decision to opt out of the class settlement.

**OBJECT TO THE SETTLEMENT**

You also 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 may timely submit a written objection directly to the Settlement Administrator at Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Your written objection must include your name, address, the case name and 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. Written objections must be postmarked on or before March 20, 2023. You may also object by appearing at the Final Approval Hearing scheduled for April 25, 2023, in Department 17 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012. You have the right to appear either in person or through your own attorney at this hearing, although you do not need to appear at the Final Approval Hearing for your objection to be considered. All objections or other correspondence must state the name and number of the case, which is *Marcos Garnica v. Social Retail Services, Inc., et al.*, Los Angeles County Superior Court, Case No. 21STCV08762. As stated, 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.

***Why should you read this Notice?***

The Court has granted preliminary approval of a proposed settlement (the “Settlement”) in the matter of *Marcos Garnica v. Social Retail Services, Inc., et al.*, Los Angeles County Superior Court, Case No. 21STCV08762 (the “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. So Cal Retail Services, Inc.’s (“Defendant”) records show that you were employed by So Cal Retail Services, Inc. as a non-exempt hourly employee in California between March 5, 2017 and March 31, 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 Lawsuit about?***

Plaintiff Marcos Garnica (“Plaintiff”) brought this Lawsuit against Defendants seeking to assert claims on behalf of a class of all current and former hourly non-exempt employees similarly situated to Plaintiff who worked for So Cal Retail Services, Inc. in California from March 5, 2017 through March 31, 2022. Plaintiff is known as the “Class Representative,” and his attorneys, who also represent the interests of all Class Members, are known as “Class Counsel.”

The Lawsuit alleges that Defendant: (i) failed to pay employees all earned minimum and overtime wages; (ii) failed to provide all legally required meal periods and rest periods or compensation in lieu thereof; (iii) failed to provide accurate and itemized wage statements; (iv) failed to timely pay all wages due or final wages due upon separation of employment; (v) failed to reimburse for all necessary business expenses; and (vi) engaged in unlawful business practices as a result of the above-mentioned alleged violations. The Lawsuit further alleges that Defendant is also is liable for civil penalties under the California Labor Code Private Attorneys General Act (“PAGA”).

**Defendant denies that it has done anything wrong. Defendant also denies that it owes Class Members any wages, restitution, statutory or civil penalties, damages, or any other remedies. Accordingly, the Settlement is a compromise of disputed claims and should not be considered as an admission of liability on the part of Defendant, by whom all liability is expressly denied.**

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 the Court not allowing the case to proceed as a class action, the risk of trial on the merits, and the delays and uncertainties associated with ongoing litigation.

The Court has not ruled on the merits of the claims alleged in the Lawsuit. In granting preliminary approval of the Settlement, the Court has determined only that there is sufficient evidence to suggest that the Settlement might be fair, adequate, and reasonable. A final determination on whether the Settlement is fair, adequate, and reasonable will be made at the Final Approval hearing.

**Your decision about whether to participate in the Settlement will not affect your employment. California law and Defendant’s policies strictly prohibit unlawful retaliation.** Defendant will not take any adverse action against or otherwise target, retaliate, or discriminate against any Class Member because of his or her decision to either participate or not participate in the Settlement.

***Who are the Attorneys?***

Attorneys for Plaintiff/Settlement Class:  <b>STANSBURY BROWN LAW, PC</b> Daniel J. Brown Ethan C. Surls dbrown@stansburybrownlaw.com 2610 ½ Abbot Kinney Blvd. Venice, California 90291 Tel: (323) 204-3124 www.stansburybrownlaw.com	Attorneys for Defendant:  <b>GORDON REES SCULLY MANSUKHANI, LLP</b> Lisa K. Garner lgarner@grsm.com 633 West Fifth St., 52 <sup>nd</sup> Floor Tel: (213) 576-5000 www.grsm.com
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***What are the terms of the Settlement?***

Defendants have agreed to pay \$250,000.00 (the “Maximum Settlement Amount”) to fully resolve all claims in the Lawsuit, including payments to Class Members, Class Counsel’s attorneys’ fees and expenses, Settlement administration costs, and the Class Representative’s Incentive 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 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. Class Members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for up to one-third of the Maximum Settlement Amount, which is currently estimated at \$83,333.00, 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.

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement 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 \$6,500.00 from the Maximum Settlement Amount to pay the settlement administration costs. Additionally, the Settlement Administrator will calculate Defendant's share of the payroll taxes that will be paid from the Maximum Settlement Amount.

Class Representative Incentive Payment. Class Counsel will ask the Court to award the Class Representative an Incentive Payment in the amount of \$5,000.00 to compensate him for his service and extra work provided on behalf of the Class Members.

Payment to State of California. The Parties have agreed to allocate \$5,000.00 towards the Settlement of the PAGA claims in the Lawsuit. \$3,750.00 will be paid to the State of California Labor and Workforce Development Agency ("LWDA"), representing its 75% share of the PAGA civil penalties. The remaining \$1,250.00 will be allocated to individuals who were employed by Defendant's as non-exempt employees during the time period of March 5, 2020 to March 31, 2022.

Calculation of Class Members' Settlement Awards. After deducting the Court-approved amounts above, the balance of the Maximum Settlement Amount will form the "Net Settlement Fund," which will be distributed to all Class Members who do not submit a valid and timely Request for Exclusion Form ("Settlement Class Members") (described below). The Net Settlement Fund is estimated at approximately \$135,000.00, and will be divided as follows:

- (i) 20% of the Net Settlement Fund shall be designated as the "Waiting Time Amount" and will be allocated in equal amounts to all Settlement Class Members whose employment with So Cal Retail Services, Inc. ended at any time between March 5, 2018 and March 31, 2022 ("Waiting Time Period").
- (ii) 15% of the Net Settlement Fund shall be designated as the "Wage Statement Amount" and will be allocated to Settlement Class Members based on the proportionate number of pay periods that they each worked between March 5, 2020 and March 31, 2022 ("Wage Statement Period").
- (iii) The remainder of the Net Settlement Fund will be distributed to each Settlement Class Member based on the proportionate number of Eligible Workweeks (defined as any workweek in which the Settlement Class Member worked at least one day during the workweek based on Defendant's records) that he or she worked during the Class Period (March 5, 2017 to March 31, 2022).

Calculation of Individuals PAGA Awards. \$1,250.00 of the Maximum Settlement Amount has been designated as the "PAGA Amount." Each individual who was employed by Defendant at any time from March 5, 2020 to March 31, 2022 as a non-exempt employee, shall receive a portion of the PAGA Amount based on the number of proportionate pay periods that he or she worked during the time period of March 5, 2020 to March 31, 2022 ("PAGA Period"). Class Members shall not have the right to opt out of the PAGA portion of the settlement, and will receive their portion of the PAGA Amount regardless of their decision to opt out of the class settlement.

Payment of the Settlement. If the Court grants final approval of the Settlement, Individual Settlement Awards will be mailed to all Class Members for their portion of the PAGA Amount regardless of whether they submit a Request for Exclusion Form. In addition, Settlement Class Members will receive additional compensation as part of their Individual Settlement Awards comprised of their portion of the Net Settlement Fund as described above.

Allocation and Taxes. For tax purposes, each Individual Settlement Award shall be treated as follows: 20% as "wages" subject to normal payroll withholdings, for which an IRS Form W-2 will be issued; and 80% as penalties and interest with no withholdings, for which an IRS Form 1099 will be issued. For Class Members who opt out of the class portion of the settlement and receive only their portion of the PAGA Amount, 100% of the PAGA Amount shall be treated as penalties with no withholdings, for which an IRS Form 1099 will be issued. Class Members are responsible for the proper income tax treatment of the Individual Settlement Awards. The Settlement

Administrator, Defendant and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Class Members should consult with their tax advisors concerning the tax consequences and treatment of awards they receive under the Settlement.

Class Release. Plaintiff and every member of the Settlement Class (except those who opt out) will fully release and discharge Defendant, its past or present officers, directors, shareholders, and managers, supervisors, owners, agents, principals, heirs, representatives, and its respective successors, predecessors in interest, insurers, and attorneys (collectively the “Released Parties”) from all Released Claims. “Released Claims” means all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including, any and all claims for: (a) failure to pay all regular wages, minimum wages, and overtime wages due; (b) failure to provide meal periods or compensation in lieu thereof; (c) failure to provide rest periods or compensation in lieu thereof; (d) failure to reimburse necessary business expenses; (e) failure to provide complete, accurate wage statements; (f) failure to pay wages timely at time of termination or resignation; and (g) unfair business practices that could have been premised on all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action. Except as set forth above, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers’ compensation, or claims based on facts occurring outside the Class Period. This release shall apply to all Participating Class Members and all claims arising during the Class Period.

PAGA Release. Plaintiff and every non-exempt employee who worked for Defendant from March 5, 2020 through March 31, 2022 (“Aggrieved Employees”) will fully release and discharge the Released Parties from all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004 (“PAGA”), for claims that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and ascertained in the course of the Lawsuit and the March 5, 2022 letter Plaintiff sent to the California Labor and Workforce Development Agency (“LWDA”) (“PAGA Notice”), including any and all claims for civil penalties for violations of Labor Code sections 201 - 204, 210, 226, 226.7, 510, 512, 516, 558, 1174, 1182.12, 1194, 1194.2, 1197, 1198, and 2699 (collectively, the “PAGA Released Claims”), regardless of whether the Aggrieved Employee opts out from the Settlement Agreement. The release period shall run from March 5, 2020 through March 31, 2022 (“PAGA Period”). Except as set forth above, Aggrieved Employees do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers’ compensation, or claims based on facts occurring outside the Class 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 share of the Settlement based on the proportionate number of workweeks in which you worked at least one day based on Defendant’s records (“Eligible Workweek”) during the Class Period, the proportionate number of pay periods you worked during the Wage Statement Period, the proportionate number of pay periods you worked during the PAGA Period, and whether you separated from your employment with So Cal Retail Services, Inc. during the Waiting Time Period, as stated in this Notice. You also will be bound by the Settlement, including the release of claims stated above. **IT IS IMPORTANT THAT IF AT ANY POINT AFTER RECEIVING THIS NOTICE YOU CHANGE YOUR ADDRESS THAT YOU PROMPTLY ADVISE THE SETTLEMENT ADMINISTRATOR OF YOUR NEW ADDRESS SO AS TO ENSURE THAT YOUR PORTION OF THE SETTLEMENT IS RECEIVED.**

#### ***What other options do I have?***

Dispute Information in Notice of Settlement Award. Your Individual Settlement Award is based on the proportionate number of Eligible Workweeks you worked during the Class Period, the proportionate number of pay periods you worked during the Wage Statement Period, the proportionate number of pay periods you worked during the PAGA Period, and whether you have separated from your employment with Social Retail Services, Inc. during the Waiting Time Period. The information contained in Defendants’ records regarding each of these factors, along with your estimated Individual Settlement Award, is listed below. If you disagree with the information listed below, you may submit a dispute, along with any supporting documentation, to Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Any disputes, along with supporting documentation, must be postmarked no later than March 20, 2023. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

The Settlement Administrator will determine whether any adjustments are warranted, and if so, will consult with the Parties and make a determination as to whether an adjustment will be made.

According to Defendant's records:

- (a) you worked for So Cal Retail Services, Inc. in California from \_\_\_\_\_ to \_\_\_\_\_;
- (b) you worked \_\_\_\_ Eligible Workweeks between March 5, 2017 and March 31, 2022, for So Cal Retail Services, Inc.;
- (c) you worked \_\_\_\_ pay periods between March 5, 2020 and March 31, 2022 for So Cal Retail Services, Inc.; and
- (d) your employment with So Cal Retail Services, Inc. <<DID/DID NOT>> end between March 5, 2018 and March 31, 2022.

The PAGA portion of your Individual Settlement Award (which you may not opt-out of) is estimated at \$ \_\_\_\_\_. Based on the above, your Individual Settlement Award is estimated at \$ \_\_\_\_\_. The lowest Individual Settlement Award to a Settlement Class Member is estimated at **\$10.28**. The highest Individual Settlement Award to a Settlement Class Member is estimated at **\$3,809.38**.

Exclude Yourself from the Class Portion of the Settlement. If you **do not** wish to take part in the Settlement, you may exclude yourself from the class portion of the settlement by completing the attached Request for Exclusion Form and sending it to the Settlement Administrator postmarked no later than March 20, 2023, with your name, address, telephone number, and your signature.

Send the request for exclusion directly to the Settlement Administrator at Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Any person who submits a timely request for exclusion, shall, upon receipt by the Settlement Administrator, not be a Settlement Class Member and shall be barred from participating in any portion of the Net Settlement Fund. However, the person may not opt out of the PAGA portion of the settlement and release as described above. Class Members will receive their portion of the PAGA Amount regardless of their decision to opt out of the class settlement.

Objecting to the Settlement. You also 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 may timely submit a written objection directly to the Settlement Administrator at Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863. Your written objection must include your name, address, the case name and 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. Written objections must be postmarked on or before March 20, 2023.

You may also object by appearing at the Final Approval Hearing scheduled for April 25, 2023, at 9:30 a.m., in Department 17 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012. You have the right to appear either in person or through your own attorney at this hearing, although you do not need to appear at the Final Approval Hearing for your objection to be considered. The Court will hear from any Class Member who attends the Final Approval Hearing and asks to speak regarding his or her objection, regardless of whether a written objection was submitted. All objections or other correspondence must state the name and number of the case, which is *Marcos Garnica v. Social Retail Services, Inc., et al.*, Los Angeles County Superior Court, Case No. 21STCV08762.

Should you elect to appear at the Final Approval Hearing in person, please be sure to adhere to the Court's social distancing procedures for attendance at hearings and review of court files. Pertinently, should you decide to physically attend the Hearing, please be advised that **face masks and/or facial coverings are required at all times to enter any courthouse or courtroom and must be worn covering the nose and mouth.** Do not enter the courthouse if you i) have tested positive for COVID-19 within the last 10 days AND have not been fever free for 24 hours; ii) You have been ordered to quarantine or have been in contact (within 6 feet and more than 15 minutes) with a person known to be or suspected of being COVID-19 positive within the last 14 days; or iii) You are experiencing COVID-19 symptoms.

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 April 25, 2023, at 9:30 a.m., in Department 17 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012. The Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses and the Class Representative Incentive Payment to Plaintiff. **You are not required to attend the Final Approval Hearing, although any 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, you may inspect the Court's files and the Settlement Agreement at the Office of the Clerk of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012, during regular court hours. You may also view the case file online at <https://www.lacourt.org/casesummary/ui/> and entering the case number information. This case is assigned to Department 17 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012. The Settlement Agreement is attached as Exhibit A to the Declaration of Daniel J. Brown in Support of Plaintiff's Motion for Preliminary Approval of Class Action Settlement, filed on December 22, 2022. You may also view the Settlement Agreement, complaint, the final order and judgment, any change to the hearing date and time, and other relevant documents and information by going to the website: <http://www.phoenixclassaction.com/garnicia-v-socal-retail/>. You may also contact the Settlement Administrator at Phoenix Settlement Administrators; P.O. Box 7208, Orange, CA 92863, for more information.

**PLEASE DO NOT CALL OR WRITE THE COURT, DEFENDANT, OR ITS ATTORNEYS FOR INFORMATION ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS**

***REMINDER AS TO TIME LIMITS***

The deadline for submitting a Request for Exclusion or Objection or any dispute is **March 20, 2023**. These deadlines will be strictly enforced.

**BY ORDER OF THE COURT ENTERED ON DECEMBER 22, 2022.**