

NOTICE OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

Francisco Chavez v. American Paper and Plastics Inc.

Superior Court of California, County of Los Angeles

Case No. 21STCV07182

TO: ALL INDIVIDUALS WHO ARE CURRENTLY EMPLOYED OR WERE FORMALLY EMPLOYED BY DEFENDANT AMERICAN PAPER AND PLASTICS, INC. (“DEFENDANT”) IN CALIFORNIA AS HOURLY, NON-EXEMPT EMPLOYEES, FROM FEBRUARY 24, 2017 TO MAY 2, 2022.

IMPORTANT LEGAL NOTICE- THIS NOTICE MAY AFFECT YOUR LEGAL RIGHTS.

YOU MAY BE ENTITLED TO MONEY FROM THIS SETTLEMENT.

YOU ARE NOTIFIED THAT: on March 30, 2023, the Superior Court of the State of California, in and for the County of Los Angeles, granted preliminary approval of a class and representative settlement (the “Settlement”) in the class action lawsuit entitled *Francisco Chavez v. American Paper and Plastics Inc.* Case No. 21STCV07182 (the “Action”) and scheduled a hearing on July 26, 2023 at 9:00 a.m. (“Final Approval Hearing”) to determine whether or not the Court should grant final approval of the settlement.

THIS NOTICE IS TO INFORM YOU ABOUT:

- A POTENTIAL SETTLEMENT OF THIS PROPOSED CLASS ACTION LAWSUIT;
- YOUR RIGHT TO RECEIVE AN INDIVIDUAL SETTLEMENT PAYMENT AND, IF APPLICABLE, AN INDIVIDUAL PAGA PAYMENT;
- YOUR RIGHT TO CHALLENGE THE WORKWEEKS USED TO COMPUTE YOUR ESTIMATED SETTLEMENT SHARE(S);
- YOUR RIGHT TO SUBMIT ANY OBJECTIONS YOU MAY HAVE TO THE PROPOSED CLASS PORTION OF THE SETTLEMENT; AND
- YOUR RIGHT TO EXCLUDE YOURSELF FROM THE CLASS PORTION OF THE SETTLEMENT.

You have the option to be part of the proposed class portion of the Settlement (“Class Settlement”) and receive a share of the settlement funds for the Class (“Individual Settlement Payment”), pending approval by the Court. If you **do not** want to be included in the Class Settlement, you must opt out of the Class Settlement as described below by June 26, 2023, or you will be bound by the terms and conditions of the Class Settlement, including the release of Released Claims (as defined in Section 10 below) except for those arising under the Private Attorneys General Act, California Labor Code section 2698, *et seq.* (“PAGA”) in the event the Court grants final approval of the Settlement. Released Claims arising under PAGA will be released as provided in Section 10 below, and PAGA Employees will be entitled to their share of the settlement funds for PAGA Employees (“Individual PAGA Payment”) under the PAGA-portion of the Settlement (“PAGA Settlement”), regardless of whether or not the Class Member opts out.

This Notice provides you with a summary of the terms and conditions of the proposed Settlement. You have the right to view the entire Settlement Agreement and all other documents submitted to the Court in the Action, which are on file with the Superior Court of the State of California, in and for the County of Los Angeles, located at 312 North Spring Street, Los Angeles, California 90012.

If you wish to be included in this Settlement and receive an Individual Settlement Payment and, if applicable, an Individual PAGA Payment, you need not do anything. If you do not do anything, you will receive a payment of your Individual Settlement Payment and, if applicable, Individual PAGA Payment and you will be bound by the terms and conditions of the Settlement, including the full release of Released Claims (as defined in Section 10 below). **Your estimated Settlement Share is \$ _____.**

1. Why am I receiving this Notice?

You are receiving this Notice because records indicate that you are part of the proposed class for purposes of this Settlement. The purpose of this Notice is to describe the lawsuit and Settlement to you and inform you of your rights and options in connection with the Settlement.

2. Who is in the Class and who is a PAGA Member?

The Class consists of all individuals who are currently employed or were formerly employed by Defendant American Paper and Plastics, Inc. (“Defendant”) (or who worked at the same physical location of American Paper and Plastics, Inc. for its successor Imperial Bag & Paper Co., LLC, d/b/a Imperial Dade) in California as hourly, non-exempt employees, from February 24, 2017, to May 2, 2022 (“Class Period”). A member of the Class is referred to as “Class Member.”

“PAGA Employees” consist of all non-exempt employees who worked in California for Defendant from February 24, 2020, through May 2, 2022. (“PAGA Period”).

3. What is the Case About?

Plaintiffs Francisco Chavez ("Plaintiff") brought claims against Defendant, individually and on behalf of the Class Members, alleging that Defendant committed various wage-and-hour violations relating to hourly-paid employees. Specifically, the Second Amended Class Action Complaint for Damages and Enforcement of Private Attorneys General Act, California Labor Code § 2698, *Et Seq.*, filed on January 25, 2023 ("Operative Complaint"), alleges that Defendants: failed to provide meal periods and rest breaks, failed to pay all wages due including overtime and minimum wages, failed to provide accurate itemized wage statements, failed to reimburse business expenses, and thereby engaged in unfair business practices and conduct giving rise to civil penalties under the Private Attorneys General Act ("PAGA"). The Operative Complaint seeks to recover these allegedly unpaid wages, related interest and penalties, as well as attorneys' fees and costs.

Defendant denies all of Plaintiff's allegations and specifically denies that they violated the law in any way as described in the lawsuit. Nothing in this Notice, or the Settlement, or any actions to carry out the terms of the Settlement mean that Defendants admit any fault, guilt, negligence, wrongdoing, or liability whatsoever. There have been no findings by any court of wrongdoing by the Defendant.

The Parties participated in mediation with a respected class action mediator and, as a result, the Parties reached a settlement. The Parties have since entered into the Joint Stipulation of Class and Representative Action Settlement ("Settlement Agreement").

On March 30, 2023, the Court entered an order preliminarily approving the Settlement. The Court has appointed Phoenix Settlement Administration Solutions as the administrator of the Settlement ("Settlement Administrator"), Plaintiff Francisco Chavez as representative of the Class ("Class Representative"), and the following Plaintiff's attorneys as counsel for the Class ("Class Counsel"):

Edwin Aiwazian, Esq.

Arby Aiwazian, Esq.

Joanna Ghosh, Esq.

Lawyers for Justice, PC

410 West Arden Avenue, Suite 203

Glendale, California 91203

Telephone: (818) 265-1020 / Fax: (818) 265-1021

The Settlement represents a compromise and settlement of highly disputed claims. Plaintiff and Defendant, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of Class Members. The Court has made no ruling on the merits of the Class Members' claims and has determined only that certification of the Class for settlement purposes is appropriate under California law. Class Counsel believes that the Settlement described below is fair, adequate, reasonable, and in the best interests of Plaintiffs and the Class.

4. What are the terms of the Settlement?

The terms of the Settlement are summarized generally below but are more specifically detailed in the Settlement Agreement on file with the Court.

Defendants have agreed to pay a total of one million six hundred thousand dollars (\$1,600,000) under the Settlement (the "Gross Settlement Amount") to resolve all claims and causes of action of the Settlement Class associated with the allegations and facts alleged in the Operative Complaint. The portion of the Gross Settlement Amount that is available for payment to Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) Attorneys' Fees in an amount not to exceed 35% of the Gross Settlement Amount (i.e., \$560,000) and reimbursement of litigation costs in an amount not to exceed thirty thousand dollars (\$30,000) to Class Counsel; (2) Incentive Award in an amount not to exceed seven thousand five hundred dollars (\$7,500) to Plaintiff for his services in the Action; (3) PAGA Settlement Amount in the amount of one hundred thousand dollars (\$100,000), of which seventy-five thousand dollars (\$75,000) will be paid to the Labor and Workforce Development Agency ("LWDA") for its 75% portion of the PAGA Settlement Amount ("LWDA Payment") and the remaining twenty-five thousand dollars (i.e., 25% of the PAGA Settlement Amount) will be distributed to PAGA Employees on a *pro rata* basis; and (4) Administration Expenses in an amount not to exceed fifteen thousand dollars (\$15,000) to the Settlement Administrator.

- **Attorneys' Fees and Litigation Costs:** Under the terms of the Settlement, Class Counsel will receive an amount up to thirty-five percent (35%) of the Gross Settlement Amount (i.e., \$560,000) as Attorneys' Fees to compensate them for their work in the Action. Class Counsel will also receive an additional amount for reimbursement of actual costs they have incurred in this Action, not to exceed thirty thousand dollars (\$30,000). These payments are for services provided, and to be provided, to the Class, and to compensate the lawyers for the risk of bringing this case on a contingency fee basis (that is, without being paid any money to date) where they invested time and all litigation costs with the chance of no recovery. These amounts are subject to approval by the Court.
- **Plaintiff's Incentive Award:** Plaintiff will seek an amount up to seven thousand five hundred dollars (\$7,500) ("Incentive Award") to compensate him for his services in connection with the Action, including undergoing the burden of bringing and prosecuting the Action.

- **Settlement Administration Costs:** The Parties estimate that the settlement administration costs will be approximately eight thousand dollars (\$8,000) (“Settlement Administration Costs”). This amount will be paid to the Settlement Administrator, Phoenix, for its work in administering this Settlement, including and not limited to, the expense of notifying the Class Members of the Settlement, processing requests for exclusion, objections, and Workweeks disputes, calculating Individual Settlement Payments and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Gross Settlement Amount, subject to approval by the Court.
- **PAGA Settlement Amount:** The amount of three hundred thousand dollars (\$300,000) of the Gross Settlement Amount is allocated to civil penalties under the PAGA. Seventy-five percent (75%) of the PAGA Payment, or \$225,000, will be paid to the LWDA, and twenty-five percent (25%) of the PAGA Payment, or \$75,000, will be distributed to the PAGA Employees.

Class Members who do not opt out of the Class Settlement (“Participating Class Members”) are eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount (“Individual Settlement Payment”) and PAGA Employees will receive payment under the PAGA Settlement of their *pro rata* share of the 25% portion of the PAGA Settlement Amount (“Individual PAGA Payment”) based on the number of weeks they were each employed by Defendant as an hourly, non-exempt employee (excluding any weeks that the Class Member was employed as an exempt employee) (“Workweeks”) during the relevant time period.

Your estimated Individual Settlement Payment (as stated below in Section 5) was determined first by calculating the number of Workweeks you worked during the Class Period, then by dividing the Net Settlement Amount by the Workweeks of all Class Members during the Class Period and multiplying the result by your individual Workweeks during the Class Period (stated below in Section 5).

Your estimated Individual PAGA Payment (as stated below in Section 5) was determined first by calculating the number of Workweeks you worked during the PAGA Period, then by dividing the 25% portion of the PAGA Settlement Amount approved for distribution to the PAGA Employees by the Workweeks of all PAGA Employees during the PAGA Period and multiplying the result by your individual Workweeks during the PAGA Period (stated below in Section 5).

Each Individual Settlement Payment will be allocated twenty percent (20%) as wages (“wages portion”) to be reported on IRS Form W-2, and eighty percent (80%) as penalties interest, and other non-wages (“non-wages portion”) to be reported on IRS Form 1099 (if applicable). Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties.

If the Court grants final approval of the Settlement, payments for Individual Settlement Payments and Individual PAGA Payments will be mailed to any Participating Class Member and/or PAGA Member at the address that is on file with the Settlement Administrator. **If the address to which this Notice was mailed is not correct, or if you move after you receive this Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure you receive any payment that you may be entitled to under the Settlement.**

Participating Class Members and PAGA Employees will have one hundred eighty (180) calendar days to cash, deposit, and/or negotiate their Settlement Share Check. After the 180-day period, the checks will become null and void, and the monies remaining in the distribution account will be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code § 1500, *et seq.* for the benefit of those Participating Class Members and/or PAGA Employees who did not cash their checks until such time that they claim their property.

5. What is my estimated Individual Settlement Payment and Individual PAGA Payment?

According to Defendants’ records:

During the period from February 24, 2017 through May 2, 2022, you were employed by Defendant as an hourly-paid, non-exempt employee for a total of [NUMBER] Workweeks during the Class Period.

During the period from February 24, 2020 through May 2, 2022, you were employed by Defendant as an hourly-paid, non-exempt employee for a total of [NUMBER] Workweeks during the PAGA Period.

Your estimated Individual Settlement Payment is based on the number of Workweeks during the Class Period credited to you.

Under the terms of the Settlement, your Individual Settlement Payment is estimated to be \$ _____. The Individual Settlement Payment is subject to reduction for the employee’s share of all applicable income and payroll taxes with respect to the wages portion of the Individual Settlement Payment and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

Your estimated Individual PAGA Payment is based on the number of Workweeks during the PAGA Period credited to you.

Under the terms of the Settlement, your Individual PAGA Payment is estimated to be \$ _____. The Individual PAGA Payment will be allocated as one hundred percent (100%) penalties and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

If you do nothing you will receive payment of your Individual Settlement Payment and, if applicable, your Individual PAGA Payment, and you will be bound by the terms of the Settlement, including the release of Released Claims described below in Section 10. You will not need to submit a claim form to receive your Individual Settlement Payment and, if applicable, Individual PAGA Payment.

6. How do I dispute the number of Workweeks stated in this Notice?

If you believe the number of Workweeks indicated above in Section 5 is incorrect, you may submit a challenge in writing to the Settlement Administrator. The dispute must be sent to the Settlement Administrator at the address listed below in Section 9, postmarked **on or before June 26, 2023**, and must: (a) contain your full name, address, telephone number, last four digits of your Social Security number, and signature; (b) contain the case name and number of the Action (*Chavez v. American Paper and Plastics Inc.*, Case No. 21STCV07182); (c) contain a clear statement explaining that you dispute the number of Workweeks credited to you and what you contend is the correct number that should be credited to you; (d) any documentation that you have to support the dispute. The Settlement Administrator will use Defendant's records and any information you provide to resolve any dispute about your employment data.

If you challenge the Workweeks worked as stated above, the Settlement Administrator will investigate and review the records available from the Defendant to determine whether the Workweeks you worked during the Class Period and/or PAGA Period are correct as stated above. Your submission of a dispute will be your authorization for the Settlement Administrator to review your employment and payment records, and for the Defendant to release any such records to the Settlement Administrator for the limited purpose of determining the Workweeks you worked.

After reviewing the available records, the Settlement Administrator will make a determination regarding your Workweeks to compute your Individual Settlement Payment and/or Individual PAGA Payment. Your share of the Net Settlement Amount and/or 25% portion of the PAGA Settlement Amount approved for distribution to the PAGA Employees may be increased or decreased as a result of this process. The Settlement Administrator's decision regarding your number of Workweeks will be based on the information contained in the records produced in the Action and will prevail over a dispute that does not provide persuasive documentation indicating that these records are wrong. The decision of the Settlement Administrator will be final and will not be subject to appeal.

7. How do I opt out if I do not want to be part of the Class Settlement?

If you request to be excluded from, or opt out of, the Class Settlement, you will NOT receive an Individual Settlement Payment, nor will you release any of the Class Released Claims, as described below in Section 10. To opt out, you must submit to the Settlement Administrator a written exclusion from the Class Settlement (opt out) **on or before June 26, 2023**. The written request for exclusion from the Class Settlement must: (a) contain your name, address, telephone number, and last four digits of your Social Security number, and signature; (b) contain the case name and number of the Action (*Chavez v. American Paper and Plastics Inc.*, Case No. 21STCV07182); (c) clearly state that you wish to be excluded from the Class Settlement; and (d) be returned to the Settlement Administrator by mail at the address listed below in Section 9, postmarked on or before June 26, 2023.

You may withdraw your request for exclusion prior to June 26, 2023 by writing to the Settlement Administrator and stating your intent to withdraw your request for exclusion from the Class Settlement.

Any Class Member who properly requests to opt out from the Class Settlement will not be entitled to receive an Individual Settlement Payment and will not be bound by the Class Settlement or have any right to object, appeal or comment thereon. Notwithstanding the above, all PAGA Employees will be bound by the PAGA Settlement and will receive their Individual PAGA Payment irrespective of whether they submit a request for exclusion from the Class Settlement.

8. Can I object to the Class Settlement?

Any Class Member who has not opted out of the Class Settlement (i.e., Participating Class Member) may object to the Class Settlement. Written objections to the Class Settlement must be mailed to the Settlement Administrator no later than June 26, 2023 and must: (a) contain your full name, address, telephone number, last four digits of your Social Security number, and signature; (b) contain the words "Notice of Objection" or "Formal Objection"; (c) contain the case name and number of the Action (*Chavez v. American Paper and Plastics Inc.*, Case No. 21STCV07182); (d) a clear and concise statement, including factual and legal arguments, explaining your objection(s) to the Settlement; (e) contain a statement indicating whether or not you are represented by counsel and identifying any such legal counsel; (f) contain a statement indicating whether you intend to appear at the Final Approval Hearing to present your objection(s); (g) list any witnesses you may call to testify at the Final Approval Hearing; and (h) be filed with the Court and submitted to the Settlement Administrator no later than June 26, 2023.

Participating Class Members may also present their objections at the Final Approval Hearing, regardless of whether they submitted a written objection.

If a Participating Class Member unsuccessfully objects to the Class Settlement, the Participating Class Member will remain a member of the Settlement Class and if the Court grants final approval of the Settlement, the Participating Class Member will be bound by the terms of the Settlement and judgment in the same way and to the same extent as a Participating Class Member who does not object.

9. Who is the Settlement Administrator?

The Settlement Administrator is the company approved by the Court to administer the Settlement. The Settlement Administrator's contact information is:

Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
Telephone: (800) 523-5773

<https://www.phoenixclassaction.com/chavez-v-american-paper-and-plastics/>

The Settlement Administrator's duties include processing challenges, objections, and exclusions to the Class Settlement, making payments to the Participating Class Members PAGA Employees, and providing answers to any questions you may have. The Settlement Administrator will also post a copy of the final judgment on its website for a period of at least sixty (60) calendar days. The costs of administering the Settlement, estimated at \$8,000, will be deducted from the Gross Settlement Amount.

10. What is Being Released as Part of the Settlement?

If the Court grants final approval of the Settlement, upon the full funding of the Gross Settlement Amount, all Class Members who have not opted out of the Class Settlement are bound by the terms of the Class Settlement, including the release of all Class Released Claims that they may have against the Released Parties at any time during the Class Period, as set forth in the Settlement Agreement and below. In addition, all PAGA Employees are bound by the release of all PAGA Released Claims that they may have against the Released Parties at any time during the PAGA Period, as set forth in the Settlement Agreement and below.

"Class Released Claims" means any and all claims, rights, demands, liabilities, and causes of action based on the same set of operative facts as those set forth in the operative Complaint, including but not limited to claims based on the following categories of allegations: all claims under state, federal or local law, whether statutory, common law or administrative law, arising out of or related to allegations set forth in the operative Complaint, claims for failure to pay overtime wages, failure to provide meal periods, failure to provide rest periods, failure to furnish accurate wage statements, failure to pay all wages earned, failure to maintain required records, failure to pay earned wages upon termination or discharge, failure to reimburse business expenses, unfair competition, including, but not limited to, claims for injunctive relief, punitive damages, liquidated damages, interest, fees, including fees under California Code of Civil Procedure section 1021.5; costs; and all other claims and allegations made or which could have been made in the Action based on the facts and allegations pled in the operative Complaint from February 24, 2017, through May 2, 2022.

"PAGA Released Claims" means all claims, demands, rights, liabilities and causes of action under California Labor Code Private Attorneys General Act of 2004 (Labor Code section 2698 et seq.) alleged in the letter to the Labor & Workforce Development Agency dated February 25, 2022 (i.e., the PAGA Letter), based on the factual allegations in the operative Complaint, that arose during the PAGA Period including but not limited to the following claims for civil penalties: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to provide meal periods, or premium pay for non-compliant meal periods; (d) failure to authorize and permit rest periods, or premium pay for non-compliant rest periods; (e) failure to timely pay all wages due upon separation of employment; (f) failure to issue accurate, itemized wage statements based on the foregoing Labor Code violations, Labor Code §§ 201, 202, 203, 226(a), 226.7, 510, 512, 1194, 1197, 1197.1; 1198, 2800, and 2802, and sections 11 and 12 of IWC Wage Order No. 1. The Parties agree that there is no statutory right for any PAGA Employee to opt out or otherwise exclude himself or herself from the PAGA Payment and the associated release of claims and rights under PAGA.

"Released Parties" means Defendant, and any of its former and present parents, subsidiaries, affiliates, divisions, corporations in common control, predecessors, successors (including its successor Imperial Bag & Paper, LLC), and assigns, as well as all past and present officers, directors, employees, partners, shareholders and agents, attorneys, insurers, and any other successors, assigns, or legal representatives.

11. What if the Settlement is not approved by the Court?

The Court will hold a Final Approval Hearing on July 26, 2023 at 9:00 a.m. in Department 6 of the Spring Street Courthouse, located at 312 North Spring Street Los Angeles, California 90012, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve and award the Attorneys' Fees and Litigation Costs to Class Counsel, Incentive Award to Plaintiff, and Settlement Administration Costs to the Settlement Administrator.

The hearing may be continued without further notice to Class Members. It is not necessary for you to appear at the Final Approval Hearing, although you may appear remotely if you wish to.

If the Settlement Agreement is not approved by the Court, or if any of their conditions are not satisfied, the conditional settlement will be voided, no money will be paid, and the parties will continue to litigate this case. If that happens there is no assurance: (a) that any decision at trial would be in favor of class members; (b) that a trial decision, if any, would be as favorable to the class members as this settlement; or (c) that any favorable trial decision would be upheld if an appeal is filed.

12. What if I have further questions about the Settlement or Action?

For the precise terms and conditions of the Settlement Agreement, you should review the detailed Settlement Agreement and other papers which are on file with the Court.

You may view the Settlement Agreement and other court records in the Action at the Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, CA 90012, during business hours. Because of the Los Angeles Superior Court's COVID-19 pandemic procedures, in order to view documents filed in the lawsuit, Class Members may be required to make an appointment with the Court to view documents. To schedule an appointment, you may call the Court Support Services at the following number: (213) 310-7000, or you may visit the Court's website at www.lacourt.org.

Individuals who come to the courthouse must wear facial coverings and maintain social distancing at all times within the public areas of the courthouse or courtroom. For more information regarding the mandatory use of facial coverings and social distancing requirements in all Los Angeles County courthouses, you may visit the Los Angeles Superior Court's *Here For You | Safe For You* page at <http://www.lacourt.org/newsmedia/ui/HfySfy.aspx>.

You may also contact the Settlement Administrator or Class Counsel at the address listed above without having to pay for any attorneys' fees. You also have the right to speak with an attorney of your choosing at your own expense. Please do not contact Defendants' Counsel.

DO NOT CONTACT THE COURT. THE COURT CANNOT PROVIDE YOU WITH LEGAL ADVICE OR ANY OPINION AS TO THIS SETTLEMENT OR LAWSUIT.