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Attorneys for Plaintiff MANDISA AIN LYONS, as an individual and on behalf of all similarly situated employees,

SUPERIOR COURT OF THE STATE OF CALIFORNIA

THE COUNTY OF CONTRA COSTA

MANDISA AIN LYONS,

Plaintiff,

v.

PALECEK IMPORTS, INC., and DOES 1
through 50, inclusive,

Defendants.

Case No.: CIVMSC21-01222

CLASS ACTION

**DECLARATION OF KEVIN MAHONEY
IN SUPPORT OF PLAINTIFF'S MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT**

Assigned for all purposes to:
Hon. Edward G. Weil, Dept. 39

Date:

Time:

Dept.: 39

DECLARATION OF KEVIN MAHONEY

I, Kevin Mahoney, declare as follows:

1. I am an attorney duly admitted to practice law before the courts in the State of California. The information contained herein is based on my personal knowledge and if called as a witness I could and would testify competently thereto.

2. I am the principal attorney at Mahoney Law Group, APC, and counsel of record for Plaintiffs Mandisa Ain Lyons ("Plaintiffs") in the case of *Mandisa Ain Lyons v. Palacek Imports, Inc.*, and DOES 1 through 50, pending in the Superior Court of the State of California, County of Contra Costa, and designated as case number CIVMSC21-01222.

3. This declaration is submitted in support of Plaintiff's Motion for Preliminary Approval of Class Action Settlement.

4. Defendant Palecek Imports, Inc. (hereinafter "Palecek" or "Employer") is a California corporation that operates a furniture manufacturing and wholesale business and employed Plaintiff and Class Members during the time relevant to this Action.

5. On March 15, 2021, Plaintiff filed a Notice of Labor Code Violations pursuant to PAGA with the LWDA alleging a violation of several Labor Code sections, including 201, 202, 203, 204, 226, 226.7, 227.3, 510, 1174, 1194, and 2802, as well as relevant sections of the applicable IWC Wage Order, and served same on Defendant.

6. On June 6, 2021, Plaintiff filed an Amended Notice of Labor Code Violations to include Labor Code section 2802.

7. On June 14, 2021, Ms. Lyons filed a representative action lawsuit against Defendant. The complaint alleges the following causes of actions: (1) violation of PAGA for Failure to Pay Minimum Wage and Overtime pursuant to Labor Code §§ 510, 1194, 1197.2, 1197, 1197.1); (2) violation of PAGA for Failure to Provide Meal Periods pursuant to Code §§ 226.7, 512; (3.) Violation of PAGA for Failure to Provide Rest Period pursuant to Labor Code §§ 226.7) (4.) Violation of PAGA for Failure to Pay Wages Due at Separation of Employment pursuant to Labor Code §§ 201, 202, 203, 204); (5.) Violation of PAGA for Failure to Issue Accurate Itemized Wage Statements pursuant to Labor Code §§ 226, subds. (a) and (e); and (6.) Violation of PAGA

1 for Failure to Indemnify for Expenditures or Losses in Discharge of Duties pursuant to Labor Code
2 §2802.

3 8. On August 10, 2022, Plaintiff filed her First Amended Complaint which added
4 various Labor Code claims based on the underlying facts as pled in her original complaint.

5 9. On June 28, 2022, the Parties participated in a private mediation session with
6 mediator Tripper Ortman Esq., a well-respected, experienced mediator in the field of wage and
7 hour class actions. Prior to the mediation, Class Counsel conducted extensive informal discovery
8 and investigation during the prosecution of the Class Action. The informal discovery consisted of
9 a twenty percent (20%) sampling, and the investigation included, among other things: (1)
10 inspection and analysis of employee documents and data, including personnel files, time and
11 payroll records, employment policies and procedures, and other relevant documents; (2) evaluation
12 of legal positions taken by Defendant; (3) evaluation of potential class-wide damages and PAGA
13 penalties; and (4) review and research of applicable law with respect to the claims and potential
14 defenses brought by Defendant. The Parties have engaged in sufficient discovery and investigation
15 to assess the relative merits of the claims and contentions of the Parties. Based on this information
16 and the settlement discussions during the mediation conducted at arm's length and settlement
17 discussions, the Parties came to an agreement on June 28, 2022. The settlement is the result of an
18 informed and detailed evaluation of the potential liability of total exposure in relation to the costs
19 and risks associated with continued litigation of the Class Action.

20 10. Plaintiff alleges in her complaint that Defendant failed to meet its obligation to
21 compensate Plaintiff and Plaintiff Class for all hours worked and Defendant failed to properly pay
22 required minimum and/or overtime wages for all hours worked to Plaintiff and the Class.
23 Defendant has denied all liability.

24 11. Plaintiff further alleged in her complaint that Defendant failed to meet its obligation
25 to provide meal periods to Plaintiff and the Class in violation of Labor Code sections 226.7 and
26 512 and section 11 of Wage Order No. 5.

27 12. Plaintiff further alleged in her complaint that Defendant failed to meet its obligation
28 to authorize and permit rest periods to Plaintiff and the Plaintiff Class in violation of Labor Code

1 section 226.7 and section 12 of Wage Order No. 5 and pay penalties in lieu thereof.

2 13. Plaintiff also alleges in their complaint that Defendant, by failing to include the
3 additional wages owed to Plaintiff and the Plaintiff Class through its failure to pay wages for all
4 hours worked, as well as failure to comply with meal and rest period requirements and failure to
5 pay all wages due, willfully failed to pay all wages earned and unpaid to those former employees
6 within the time frame prescribed by Labor Code sections 201 and 202.

7 14. Plaintiffs similarly alleges in her complaint that Defendant willfully failed to make
8 or keep accurate payroll records for Plaintiffs and the Plaintiffs Class in violation of Labor Code
9 sections 226 and 1174.

10 15. Plaintiff further alleges in her complaint that Defendant willfully failed to
11 reimburse employees for business-related expenses as required under Labor Code section 2802.
12 Plaintiff alleges he and the Class were required to use their personal cell phones, personal
13 computer, and home internet access in direct consequence of the discharge of their duties to
14 Defendant.

15 16. Plaintiff further alleges in her complaint that Defendant actions were unlawful
16 predicate acts and practices for purposes of establishing liability under the UCL. Plaintiffs allege
17 that Defendant's conduct violated Private Attorneys General Act ("PAGA") as a result of its
18 policies and practices.

19 17. Defendant denies all liability and contends Plaintiff and Class Members were paid
20 all wages due (including, but not limited to, all straight time, overtime, and double time), provided
21 compliant meal and rest breaks, paid all wages due upon separation of employment, provided
22 accurate itemized wage statements, reimbursed for all necessary business expenses and did not
23 engage in unfair or unlawful conduct. Defendant also contends that it did not violate PAGA in the
24 same way it has denied all allegations regarding the underlying wage and hour violations.
25 Defendant further contends that even if underlying liability is found for Labor Code sections 201
26 and 202, Plaintiff would be unable to establish the violations were "willful" such that waiting time
27 penalties under Labor Code section 203 would be an available remedy.

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INVESTIGATION AND EXCHANGE OF INFORMATION

18. Over the course of the litigation I, and others from my office, conducted extensive investigation into the claims asserted in this case. That investigation included the review, analysis and sampling of numerous records and other documents, and research and evaluation of claims and defenses. Specifically, Plaintiff conducted a twenty percent (20%) sampling of informal discovery that yielded information and documentation concerning the claims set forth in the litigation, such as Defendant's policies and procedures regarding the payment of wages, meal and rest breaks, time keeping, as well as information regarding the number of putative class members and the mix of current versus former employees, the average number of hours worked, the wage rates in effect, and length of employment for the average putative class member. Plaintiff's counsel engaged the services of an expert to evaluate this information and provide Class Counsel with an estimate of potential recovery in this case in preparation for mediation.

19. In addition, I, and others from my office, have conducted an investigation of the law and facts relating to the claims asserted in the Litigation and has concluded, taking into account the sharply contested issues involved, the expense and time necessary to pursue the Litigation through trial and any appeals, the risks and costs of further prosecution of the litigation, the risk of an adverse outcome, the uncertainties of complex litigation, and the substantial benefits to be received by the Plaintiff and the members of the Settlement Class pursuant to this Agreement, that a settlement with Defendant terms and conditions set forth herein is fair, reasonable, adequate, and in the best interests of the Settlement Class.

20. Defendant's counsel and my office have worked cooperatively regarding document and data production sufficient for both sides to fully evaluate this case. The information provided by Defendant and Class Counsel's independent investigation of the facts has allowed Class Counsel to fully assess the strengths and weaknesses of Plaintiff's class claims against Defendant.

21. Moreover, the Settlement provides a reasonable recovery to the Class and easily falls within the range of reasonableness.

22. Plaintiff and Class Counsel believe the case is suitable for class certification in that there were company-wide policies that affected all of Defendant's employees which could be

1 established using representative testimony and declarations from class members, as well as the
2 policies and procedures reflected in the documents produced by Defendant during discovery.
3 However, while Plaintiff contends this is a suitable case for certification, Plaintiff realizes that
4 there is always a significant risk associated with class certification proceedings.

5 23. Defendant, in its responsive pleadings, asserted a multitude of affirmative defenses,
6 each of which is still claimed as a valid defense by Defendant. In addition to disputing the merits
7 of Plaintiffs' claims, Defendant would strongly challenge any request for class certification.

8 SETTLEMENT

9 24. On June 28, 2022, the Parties participated in a private mediation session with
10 mediator Tripper Ortman Esq., a well-respected, experienced mediator in the field of wage and
11 hour class actions. At mediation, the parties negotiated a settlement in good faith, following
12 informal discovery that yielded information and documentation concerning the claims set forth in
13 the Litigation, such as Defendant's policies and procedures regarding the payment of wages, meal
14 and rest breaks, time keeping, as well as information regarding the number of putative class
15 members and the mix of current versus former employees, the average number of hours worked,
16 the wage rates in effect, and length of employment for the average putative class member. The
17 Parties, at arms' length ultimately were able to reach a settlement.

18 25. Plaintiff now submits the settlement to this Court for preliminary approval.
19 (Attached hereto as **Exhibit A** is a true and correct copy of the Fully Executed Settlement
20 Agreement.)

21 THE SETTLEMENT IS FAIR AND REASONABLE

22 26. This Settlement is fair and reasonable, because it provides substantial and
23 immediate benefits to the class members. The Settlement is jointly presented as the product of
24 extensive arms' length negotiations by experienced counsel on both sides after informal discovery
25 and recognition of the strengths and weaknesses of each other's positions. In calculating the
26 appropriate settlement amount, the parties had sufficient information, including payroll data and
27 time records, and had conducted an adequate investigation to allow them to make an educated and
28 informed analysis and conclusion.

1 27. The Gross Settlement Agreement ("GSA") of nine hundred thousand dollars
2 (\$900,000.00), is fair and reasonable, especially considering Defendant's potential defenses and
3 the risks and uncertainty of ongoing litigation.

4 **ANALYSIS OF POTENTIAL RECOVERY**

5 **UNPAID WAGE CLAIMS**

6 28. Based on the sample of time keeping records produced during discovery, the
7 maximum value of this claim is approximately three million seven hundred fifty-two thousand
8 dollars (\$3,752,000.00). A reasonable estimated value of the unpaid claim is seven hundred fifty-
9 one thousand four hundred dollars (\$750,400.00), or twenty percent (20%) of the maximum
10 exposure. While Plaintiffs believe that this claim was meritorious, Plaintiffs understood that the
11 nature of this claim was "off-the-clock" and therefore was not confident that a class would be
12 certified for this claim or that class damages could be proven on common evidence and therefore
13 discounted this claim. Defendant contended that this claim would not be certified due to individual
14 issues, as stated in the California Supreme Court decision in *Brinker Restaurant Corp. v Superior*
15 *Court*, 53 (2012) 53 Cal.4th 1004, 1052. Also, after further investigation, the regular rate issue that
16 Plaintiff alleged, did not appear widespread and did not appear to be discretionary and was another
17 factor in the discounting of this claim.

18 **MEAL AND REST PERIOD CLAIMS**

19 29. As to the meal and rest break claims, the Defendant contend that the classes would
20 not be certified due to multiple individual issues and that the employer was not required to ensure
21 meal breaks were taken, as outlined in the California Supreme Court decision in *Brinker*
22 *Restaurant Corp. v Superior Court*, (2012) 53 Cal.4th 1004, 1039 which Defendant argues that
23 meal/rest period cases are incapable of certification given the individual questions as to "why" a
24 meal period was not taken. While there were some facial meal and rest break violations in the
25 records, they were not significant. The total exposure for this claim is approximately two million,
26 seven hundred twenty-three thousand dollars (\$2,723,000.00). This value is based on a twenty
27 percent (20%) violation rate during the Class Period. Due to Brinker and the difficulty in proving
28 "meal period" and "reset break" claims, a reasonable value is estimated to be approximately five

1 hundred forty-four thousand six hundred dollars (\$544,600.00) or twenty percent (20%) of the
2 maximum exposure. Furthermore, based on the meal period issue appeared to be corrected in or
3 around the 3rd quarter of 2019, which further warranted discounting.

4 **FAILURE TO PROVIDE ACCURATE ITEMIZED WAGE STATEMENTS**

5 30. As to the paystub penalty, this was a maximum exposure of approximately four
6 hundred twenty-three dollars (\$423,000.00) assuming each paystub provided to each class member
7 each pay period was in violation of Labor Code section 226. There was dispute as to whether the
8 class was required to and could actually prove injury as a result of paystub deficiencies. The risk
9 of not getting certification was considerable in light of the Defendant's claim that each class
10 member would have to establish injury. The class did not have a high confidence level on
11 recovery. The paystub claim was a derivative claim. A reasonable value of the paystub claim is
12 estimated to be one hundred twenty-six thousand nine hundred dollars (\$126,900.00) or thirty
13 percent (30%) of the maximum exposure.

14 **WAITING TIME PENALTIES**

15 31. As to the waiting time maximum exposure was approximately four hundred
16 thousand three hundred dollars (\$400,300.00). The class discounted this based on risk and the fact
17 that waiting time penalties are not awarded if a good faith dispute exists as the class would not
18 have been able to prove "willful" withholding of wages. Furthermore, this was a purely derivative
19 claim. A reasonable evaluation of this claim would be two hundred thousand one hundred fifty
20 dollars (\$200,150.00.00) or fifty percent (50%) of the maximum exposure.

21 **BUSINESS EXPENSE REIMBURSEMENT CLAIM**

22 32. As to the reimbursement claim, the maximum exposure was approximately five
23 hundred thirteen thousand dollars (\$513,000.00). The class discounted this claim based on the risk
24 and fact that there were minimal records in support of this claim. Hence the class did not have the
25 highest confidence level of recovery. A reasonable evaluation of this claim would be
26 approximately two hundred fifty-six thousand five hundred dollars (\$256,500.00) or fifty percent
27 (50%) of the maximum exposure.

28 33. Accordingly, the full maximum exposure at trial was estimated to be seven million

1 eight hundred eleven thousand three hundred dollars (\$7,811,300.00), however, the full exposure
2 at trial for the class claims based on the reasonable valuation and discounting for risk factors for
3 the class members would have been approximately one million eight hundred seventy-eight
4 thousand five hundred fifty dollars (\$1,878,550.00) (excluding attorneys' fees, interest, and cost).
5 Thus, the settlement of nine hundred thousand dollars (\$900,000.00) represents approximately
6 forty-nine percent (49%) of the reasonable value of the case which is fair and reasonable. This
7 settlement should be considered reasonable in light of the fact this was a small class and risked
8 that Defendant would engage in a Pick-Up Stix campaign, which may have yielded the Class
9 Members a much smaller recovery on average

10 34. The settlement for each participating class member is fair, reasonable, and adequate
11 given the inherent risk of litigation, the risk of class certification and costs of litigation. With
12 approximately two-hundred eighty-five (285), the settlement results in a net fund of approximately
13 five hundred seventy-two thousand five hundred dollars (\$572,500.00), averaging out to
14 approximately two thousand eight dollars (\$2,008.00) per Class Member.

15 **PAGA CLAIMS**

16 35. Plaintiffs' expert performed a detailed analysis of the PAGA claims and the
17 potential value if Plaintiff was successful. Plaintiff estimates that if he prevailed on all PAGA
18 claims and was awarded full penalties for an "initial violation" penalty of \$100.00 for each claim
19 per pay period, the total civil penalties would be one hundred fifty-eight thousand eight hundred
20 dollars (\$158,800.00). The penalties of \$200.00 applied to each subsequent pay period for each
21 employee for each of the alleged Labor Code violations is approximately nine million nine hundred
22 fifteen thousand five hundred dollars (\$9,915,500.00). The total maximum PAGA exposure is
23 estimated at ten million one hundred thirty-three thousand dollars (\$10,133,000.00). Employers
24 frequently argue that the "subsequent violation" penalty of \$200.00 can only be assessed after the
25 employer has been cited by the LWDA and the conduct continues. If Defendant prevailed on this
26 argument, Plaintiff's estimated penalties would be based on the \$100.00 per pay period evaluation.
27 Additionally, the Court has the discretion to reduce the maximum amount of penalties proven if it
28 finds the award would be unjust, arbitrary, and oppressive, or confiscatory. (Labor Code §

2699(e)(2).) Plaintiff could not ignore this reality and the likely outcome that such arguments would be successful in significantly reducing any penalties awarded. After assessing the risks of continued litigation, contested legal issues, and uncertainty at trial and after trial the penalty assessment phase, Plaintiff estimates the realistic potential civil penalty exposure would one hundred fifty-eight thousand eight hundred dollars (\$158,800.00). The Parties agreed to allocate ten thousand dollars (\$10,000.00) from the GSA as PAGA penalties, seventy five percent (75%) of which, or seven thousand five hundred dollars (\$7,500.00) shall be paid to the LWDA and two thousand five hundred dollars (\$2,500.00) to be paid to Class Members. This is approximately .06% of the reasonable estimated value of the claims.

36. In light of the uncertainties in protracted litigation, additional remedial measures taken by Defendant, and uncertainty of Defendant's ability to pay a class and/or PAGA judgment, it is my opinion this Settlement, which provides assured monetary recovery to the employees, is fair, reasonable and in the best interests of the employees.

37. The plan of distribution of the Class and PAGA proceeds is fair and reasonable as it does not unreasonably provide preferential treatment to any segment of the employees at issue. The distribution is based on the number of workweeks each individual employee actually worked for Defendant. It stands to reason the longer an employee worked for Defendant, the more potential violations they would be subjected to. This distribution plan provides to employees who worked for Defendant longer more recovery than those who worked merely a week or two.

CONTRIBUTION OF PLAINTIFF AND REASONABLENESS OF INCENTIVE AWARD

38. I believe that Plaintiff Mandisa Ain Lyons performed considerable services on behalf of the Class, since she searched for an attorney, collected and gathered the requested documents and information, such as; time keeping records, met with us, made themselves available each and every single time that I called him in order to answer questions about Defendant's policies and procedures produced in informal discovery or discussed during conversations with opposing counsel or raised in pleadings filed in this matter. Plaintiff provided Class Counsel with factual information needed to prepare the Complaint. Plaintiff collected relevant documents and produced those documents to Class Counsel.

1 39. Plaintiff consulted with Class Counsel about developments in the case and helped
2 to explain to Class Counsel certain evidence that Class Counsel obtained in discovery. Plaintiff
3 has also continued to be involved for the benefit of the class and the finalization of the settlement
4 process. I believe that the representative enhancements of five thousand dollars (\$5,000.00) is
5 warranted for her time and effort. Taking the risk of filing a lawsuit against an employer deserves
6 recognition, especially in light of the favorable settlement achieved by Plaintiff. Additionally,
7 Plaintiff was actively involved in the litigation and settlement negotiations in this Action,
8 expending considerable effort in advancing the interests of the Class.

9 **ATTORNEY'S FEES AND COSTS**

10 40. Class Counsel intends to request, and Defendant has agreed not to oppose, an award
11 of attorney's fees equal to 1/3rd of the Settlement, or three hundred thousand dollars (\$300,000.00).
12 Fees in this amount are reasonable under the "percentage of benefit" theory and based on Class
13 Counsel's experience in litigating wage and hour class actions. Plaintiff will be filing a Application
14 for Attorney's Fees and Costs concurrently with his Motion for final Approval.

15 41. To date, Plaintiff's counsel has incurred costs to date of approximately fourteen
16 thousand five hundred fifty-one dollars and eighty-nine cents (\$14,551.89) and Defendant has
17 agreed to not oppose Plaintiff's counsel's costs of up to twenty thousand dollars (\$20,000.00), is
18 more than fair and reasonable. Plaintiff expects further costs of approximately associated with the
19 filing of both the Motion for Preliminary Approval and Plaintiff's Motion for Final Approval. At
20 final approval Class Counsel will provide to the Court an itemized list of costs incurred in this
21 action.

22 **CLASS COUNSEL IS ADEQUATE**

23 42. I received my Juris Doctorate from Howard University School of Law in 2002. I
24 worked as an associate at Rose, Klein & Marias from 2005 until my resignation in August 2009.

25 43. Since 2007, I have been involved in class action litigation involving various wage
26 and hour violations, including the claims in the instant matter. The class size of these cases ranged
27 anywhere between approximately 500 to over 15,000 putative class members with approved
28 settlements in the millions.

1 44. I am the principal at Mahoney Law Group, APC in Long Beach, California. The
2 firm currently employs nine (9) attorneys, and the practice is focused on representing employees
3 in state and federal wage and hour class actions and consumer class actions.

4 45. In August 2009, I co-founded Mahoney, Perry & Burrows (now Mahoney Law
5 Group). The firm currently serves as lead counsel and/or co-lead counsel in numerous wage and
6 hour class action matters in Los Angeles Superior Court, Orange County Superior Court, Riverside
7 Superior Court, San Bernardino Superior Court, the United States District Court for the Central
8 District of California and the Southern District of California.

9 46. I have never faced any disciplinary action or received any sanction for misconduct
10 or an ethical violation.

11 47. For the past thirteen (13) years my practice has focused on representing employees
12 in state and federal wage and hour class actions. Some examples of cases where I have served as
13 lead and/or co-lead counsel include: *Denise Mays v Children's Hospital of Los Angeles*, Los
14 Angeles Superior Court, Case No. BC477830; *Valerie Brooks v. Life Care Centers of America,*
15 *Inc.*, et al., United States District Court, Central District of California, Case No. 8:12-cv-00659-
16 CJC-RNB; *Branch v PM Realty Group, LP*, Los Angeles Superior Court, Case No. BC575759;
17 *Curiel v Glendora Grand, Inc.*, Los Angeles Superior Court, Case No. BC618831; *Fajardo v Para*
18 *Los Ninos*, Los Angeles Superior Court, Case No. BC618609; *Flores v Cambrian Homecare*, Los
19 Angeles Superior Court, Case No. BC544612 [case certified]; *Flores v Galaxy Investments, LTD*,
20 Orange County Superior Court. Case No. 30-2015- 00814157-CU-OE-CXC; *Frausto v Cosmetix*
21 *West*, Los Angeles Superior Court, Case No. BC548993; *Hamann v Auction. Com, LLC*, Orange
22 County Superior Court, Case No. 30-2014 00751733-CU-OE-CXC; *Hernandez v Leonard*
23 *Chaidez, Inc.*, Orange County Superior Court, Case No.30-2015-00800771-CU-OE-CXC;
24 *Bautista v 3 Thirty 3 Newport Beach*, Orange County Superior Court Case No. 30-2016-
25 00839995-CU-OE-CXC; *Sanchez v St. Mary's Medical Center*, San Bernardino Superior Court,
26 Case No. CIVDS 1304898 [case certified]; *McClean v Summit Career College, Inc.*, San
27 Bernardino Superior Court, Case No. CIVDS101 1407 [case certified]; *Levanoff v SoCal Wings,*
28 *LLC*, Orange County Superior Court, Case No. 30-2011-00511808-CU-OE-CXC [case certified];

1 *Harvey Holt, et al. v. Parsec, Inc.*, et al., United States District Court, Central District of California
2 Case No. CV-9540-VBF (PJWx); *Dorothy Berry v. Brierwood Terrace Convalescent Hospital*, et
3 al., Los Angeles Superior Court Case No. BC437781; *Dante Booker v. The Goodyear Tire and*
4 *Rubber Company*, Los Angeles Superior Court Case No. BC498399; *Manuel Diaz, et al. v. Excel*
5 *Sheet Metal, Inc.*, Los Angeles Superior Court Case No. BC504033; *Fernando Albiar, et al. v.*
6 *Spectrum Athletics-Canoga Park*, et al., Los Angeles Superior Court Case No. BC413860;
7 *Gerardo Ortega, et al. v. CR & R Incorporated*, Los Angeles Superior Court Case No. BC414434;
8 *William Davis v. Pacific Hospital of Long Beach*, et al., Los Angeles Superior Court Case No.
9 BC488542; *Kurt Casadine v. Maxim Healthcare Services, Inc.*, United States District Court,
10 Central District of California Case No. CV 12-10078-DMG (CWx); *Deborah Cabanillas v.*
11 *Lakewood Park Manor Healthcare, Inc.* et al., Los Angeles Superior Court Case No. BC443859;
12 *Daniel Branch v. Indiana Plumbing Supply, Co. Inc.* et al., Los Angeles Superior Court Case
13 No. BC425627; *Santos v Double Vision Concepts, Inc.*, Orange County Superior Court, Case No.
14 30-2014-00723893-CU-OE-CXC; *Butch Calvo v. Providence Health Systems-Southern*
15 *California*, et al., Los Angeles Superior Court Case No. BC419843; *John De La Torre v. Cri-Help,*
16 *Inc.*, Los Angeles Superior Court Case No. BC508430; *Esmerelda Fernandez, et al. v. Teva*
17 *Parenteral Medicines, Inc.*, Orange County Superior Court Case No. 30-2010-00412849-CU-OE-
18 CXC; *Kimya Oliver, et al. v. College Health Enterprise*, et al., Los Angeles Superior Court Case
19 No. BC406481; *Audi Velazquez v. New Vista Health Services, Inc.*, Los Angeles Superior Court
20 Case No. BC424797; *Rick Wilcox, et al. v. Presbyterian Intercommunity Hospital*, et al., Los
21 Angeles Superior Court Case No. BC424796; *Raenan Guadez, et al. v. Sega Gameworks, LLC*,
22 San Bernardino Superior Court Case No. CIVRS 1105099; *Erica Teyuca v Pacific Alliance*
23 *Medical Center, Inc.*, Los Angeles Superior Court Case No. BC459422; *Yessenia Martinez v.*
24 *Fresh & Easy Neighborhood Market, Inc.*, San Bernardino Superior Court Case No. CIVRSI
25 104607; and *Maria Zimmerman v. Quality Children's Services*, Los Angeles Superior Court Case
26 No. BC472001.

27 48. Neither Plaintiff nor our firm has any known conflicts of interest with any putative
28 class members.

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I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed this 14th day of October 2022, at Long Beach, California.

Kevin Mahoney

EXHIBIT A

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Mandisa Ain Lyons (“Plaintiff”) and Palecek Imports, Inc. (“Palecek”). The Agreement refers to Plaintiff and Palecek collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

1.1. “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against Palecek captioned Lyons, et al. v. Palecek Imports, Inc., Case No. C21-01222 initiated on June 14, 2021 and pending in Superior Court of the State of California, County of Contra Costa.

1.2. “Administrator” means Phoenix Class Action Administration Solutions, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4. “Aggrieved Employee” means all current or former non-exempt employees who worked for the Palecek in the State of California from March 15, 2020, through the date the Court grants preliminary approval of the settlement.

1.5. “Class” means all current and former hourly employees who worked for Palecek in California any time or times between June 1, 2017, through the date of preliminary approval of the Parties’ settlement agreement by the Court and excluding any persons who were represented by counsel, and had a civil action pending as of July 1, 2022.

1.6. “Class Counsel” means Kevin Mahoney and Berkeh Alemzadeh of the Mahoney Law Group.

1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

1.8. “Class Data” means Class Member identifying information in Palecek’s possession including the Class Member’s name, last-known mailing address, Social Security number, and the number of Class Period Workweeks and PAGA Pay Periods.

1.9. “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods

and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English, with Spanish translation, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.12. “Class Period” means the period from June 1, 2017 to July 1, 2022.

1.13. “Class Representative” means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14. “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15. “Court” means the Superior Court of California, County of Contra Costa.

1.16. “Palecek” means named Palecek Imports, Inc.

1.17. “Defense Counsel” means the attorneys at Gordon Rees Scully Mansukhani LLP.

1.18. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.19. “Final Approval” means the Court’s order granting final approval of the Settlement.

1.20. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.21. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22. “Gross Settlement Amount” means nine hundred thousand dollars (\$900,000.00) which is the total amount Palecek agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator’s Expenses.

1.23. “Individual Class Payment” means the Participating Class Member’s pro rata share

of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.24. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25. “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.26. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.27. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.28. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29. “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Palecek for at least one day during the PAGA Period.

1.31. “PAGA Period” means the period from March 15, 2020, to the date the Court grants preliminary approval of this settlement.

1.32. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.33. “PAGA Notice” means Plaintiff’s March 15, 2021, letter to Palecek and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a), and Plaintiff’s June 16, 2021 Amended Notice to the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.34. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees two thousand five hundred dollars (\$2,500.00) and the 75% to LWDA seven thousand five hundred dollars (\$7,500.00) in settlement of PAGA claims.

1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36. “Plaintiff” means Mandisa Ain Lyons, the named Plaintiff in the Action.

1.37. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.38. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39. "Released Class Claims" means the claims being released as described in Paragraph 6.2 below.

1.40. "Released PAGA Claims" means the claims being released as described in Paragraph 6.2 below.

1.41. "Released Parties" means: Palecek and each of its former and present agents, officers, employees, directors, owners, subsidiaries, DBA's, and parent companies.

1.42. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. "Response Deadline" means sixty (60) days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

1.44. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.45. "Workweek" means any week during which a Class Member worked for Palecek during the Class Period.

2. RECITALS.

2.1. 5. On March 15, 2021, Plaintiff filed a Notice of Labor Code Violations pursuant to PAGA. On June 14, 2021, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Palecek for (1) Violation of PAGA for Failure to Pay Minimum Wages and Overtime pursuant to Labor Code §§510, 1194, 1197.2, 1197, 1197.1, (2) Violation of PAGA for Failure to provide Meal Periods pursuant to Labor Code §§ 226.7, 512, (3) Violation of PAGA for Failure to Provide Rest Periods pursuant to Labor Code § 226.7, (4) Violation of PAGA for Failure to Pay Wages Due at Separation of Employment pursuant to Labor Code §§ 201, 202, 203, 204, (5) Violation of PAGA for Failure to Issue Accurate Itemized Wage Statements pursuant to Labor Code §226, (6) Violation of PAGA for Failure to Indemnify for Expenditures or Losses in Discharge of Duties pursuant to Labor Code §2802. On June 6, 2021, Plaintiff filed an Amended Notice of Labor Code Violations to include Labor Code section 2802.

On June 30, 2022, Plaintiff filed a Joint Stipulation with Proposed Order for Leave to file a First Amended Complaint (“FAC”) adding class action claims against Palecek for (1) Failure to Pay Minimum Wages and Overtime, (2) Failure to Provide Meal Periods, (3) Failure to Provide Rest Periods, (4) Failure to pay Wages Due At Separation, (5) Failure to Issue Accurate Itemized Wage Statements, (6) Failure to Indemnify for Expenditures or Losses in Discharge of Duties, (7) Violations of PAGA and (8) Unfair Business Practices (Cal. Bus. Prof. Code section 17200, et seq). The First Amended Complaint will become the Operative Complaint in the Action.

Palecek denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Palecek and the LWDA by sending the PAGA Notice.

2.3. On June 28, 2022, the Parties participated in an all-day mediation presided over by mediator Tripper Ortman which led to this Agreement to settle the Action.

2.4. Prior to mediation, Plaintiff obtained, through informal discovery, (1) Plaintiff’s employment file, (2) Plaintiff’s wage statements and timecards, (3) Palecek’s employee handbooks, wage and hour memos to employees and sample meal period forms in use during the PAGA and Class Periods (4) a class list, with identifying information, setting forth the number of current and former employees during the Class and PAGA periods, job positions of each current and former employee in the Class Period and the dates of employment of current and former employees in the Class Period, (5) the total workweek/pay periods during both the Class and PAGA period, and (6) the timekeeping and payroll records for each and every Class Member during the Class Period, with identifying information to allow Plaintiff’s Expert to track the Class Members when conducting analysis. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.5. The Court has not granted class certification.

2.6. The Parties, Class Counsel and Defense Counsel represent that they are aware of one pending action, *Crystal Saruca v Palecek Imports, Inc.* filed on December 6, 2021, a later filed action with duplicative claims subsumed within this settlement.

3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Palecek promises to pay nine-hundred thousand dollars (\$900,000.00) as the Gross Settlement Amount. This settlement sum is based on Palecek’s representation that the class size is approximately two-hundred eighty-five individuals. Palecek has represented that the Class Members have worked a total of no greater than eighteen thousand five hundred twenty-five (18,525) total pay periods during the Class Period. Should the actual number of pay periods worked by the Class Members exceed s more than 10% greater than this figure (i.e., if there are 20,378 or more total pay periods),

Plaintiff may exercise the option to withdraw from the settlement. Palecek has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 6 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Palecek.

3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than five thousand dollars (\$5,000.00). Palecek will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 1/3 of the Gross Settlement Amount, which is currently estimated to be three hundred eight thousand three hundred thousand dollars (\$300,000.00) and a Class Counsel Litigation Expenses Payment of not more than twenty thousand dollars (\$20,000.00). Palecek will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Palecek harmless, and indemnifies Palecek, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed twenty-thousand dollars (\$20,000.00) except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than twenty-thousand dollars (\$20,000.00), the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating

Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1. Tax Allocation of Individual Class Payments. 10 percent (10%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 70 percent (70%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for penalties and 20 percent (20%) will be allocated to interest. The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of ten thousand dollars (\$10,000.00) to be paid from the Gross Settlement Amount, with 75% or seven thousand five-hundred dollars (\$7,500.00) allocated to the LWDA PAGA Payment and 25% or two thousand five-hundred dollars (\$2,500.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees share of PAGA Penalties of two thousand five-hundred dollars (\$2,500.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Palecek estimates there are two-hundred eighty-five (285) Class Members who collectively worked a total of 18,525 pay periods, and one-hundred ninety-seven (197) Aggrieved Employees who worked a total 7,781 of PAGA Pay Periods.

4.2. Class Data. Not later than thirty (30) days after the Court grants Preliminary Approval of the Settlement, Palecek will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Palecek has a continuing

duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Palecek must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Gross Settlement Amount. Palecek shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than thirty (30) days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within seven (7) days after Palecek funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding address. Within seven 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.4.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks [to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Palecek to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

6. **RELEASES OF CLAIMS.** Effective on the date when the Court grants Final Approval of the settlement and a judgement is entered, Plaintiff, Class Members, and Class Counsel release all claims against all Released Parties effective upon the date of Final Approval as follows:

6.1 Plaintiff's Release.

Plaintiff unconditionally, irrevocably and absolutely releases and discharges the Palecek and, as well as any other present or former employees, officers, agents, attorneys, affiliates, successors, owners, assigns and all other representatives of the Palecek (collectively, "Released Parties"), from any and all causes of action, judgments, liens, indebtedness, damages, losses, claims (including attorneys' fees and costs), liabilities and demands of whatsoever kind and character that Plaintiff may now or hereafter have against the Released Parties arising from incidents or events occurring on or before the final settlement approval of this agreement, and these claims shall collectively be referred to hereafter as "Released Claims." To the extent permitted by law, this release is intended to be interpreted broadly to apply to all transactions and occurrences between Plaintiff and any of the Released Parties, including but not limited to any and all claims related to Plaintiff's employment with the Palecek, including the employment conditions and separation from employment with, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with this Action and/or any transactions or occurrences with Released Parties. Plaintiff's Released Claims include, without limitation, any claims under the laws of contract or tort, the common law, the state or federal Constitution, any state or federal statutes (including, without limitation, the California Fair Employment and Housing Act, the California Civil Code, the California Government Code, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, and the Age Discrimination in Employment Act), and any claimed predicated on a policy of the Palecek. Released Claims include all claims for physical injuries, illness, damage or death, and all claims for attorneys' fees, costs, and expenses. Notwithstanding the foregoing, Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period, or any claims that cannot lawfully be waived or released by private agreement. Plaintiff further acknowledges that she is not owed any additional monies and acknowledges that she may discover facts or law different from, or in addition to, the facts or law that she knows or believes to exist with respect to Released Claims. Plaintiff agrees, nonetheless, that her general release of claims and this Agreement shall be and remain effective in all respects notwithstanding such different or additional facts or law.

6.1.1 Plaintiff's Waiver of Rights Under California Civil Code Sections 1542. Plaintiff expressly acknowledges and agrees that the releases contained in this Agreement

include a waiver of all rights under Section 1542 of the California Civil Code. This statute reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiff acknowledges that she has read all of this agreement and her general release contained herein, including the above Civil Code section, and that Plaintiff fully understands both the Agreement and the Civil Code section. Plaintiff waives any benefits and rights granted to her pursuant to Civil Code section 1542.

6.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Palecek Imports, Inc., its agents, officers, employees, directors, owners, subsidiaries, DBA's, attorneys and parent companies, ("Released Parties") from any and all claims that were asserted in the Action, or that arise from or could have been asserted based on the facts, circumstances, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act alleged in Plaintiff's Complaint or First Amended Complaint, regardless of whether such claims arise under federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law ("the Released Claims"). The Released Claims specifically include, but are not limited to Labor Code §§ 201, 202, 203, 204, 226, 226.7, 227.3, 510, 512, 1174, 1182.12, 1194, 1194.2, 1197, and 2802 and the related IWC Wage Order No. 1-2001 and Business & Professions Code §§ 17200, et seq. claims based on alleged violations of these Labor Code and Wage Order provisions) and all other claims, such as those under the California Labor Code, Wage Orders, regulations, and/or other provisions of law, that could have been pleaded based on the facts asserted in the Action, including: (1) failure to timely pay employees upon separation or discharge; (2) failure to pay all wages due and owing for time worked; (3) failure to reimburse necessary business expenditures, (4) failure to provide meal or rest periods of compensation in lieu thereof, (5) failure to provide accurate itemized wage statement, (6) all related violations of the applicable Wage Orders; (7) all related violations of California's unfair competition law; and (8) interest, fees, and costs ("Released Claims"). The enumeration of these specific statutes shall neither enlarge or narrow the scope of res judicata based on the claims that were asserted in the Action or could have been asserted in the Action based on the facts and circumstances alleged in any Complaint on file in the Action. Except as set forth in Section 6.3 of this Agreement, 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.

6.3 Release by Non-Participating Class Members Who Are Aggrieved Employees: All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former

and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or PAGA Notices filed by Mandisa Ain Lyons with the LWDA including, but not limited to, (1) Violation of PAGA for Failure to Pay Minimum Wages and Overtime pursuant to Labor Code §§510, 1194, 1197.2, 1197, 1197.1, (2) Violation of PAGA for Failure to provide Meal Periods pursuant to Labor Code §§ 226.7, 512, (3) Violation of PAGA for Failure to Provide Rest Periods pursuant to Labor Code § 226.7, (4) Violation of PAGA for Failure to Pay Wages Due at Separation of Employment pursuant to Labor Code §§ 201, 202, 203, 204, (5) Violation of PAGA for Failure to Issue Accurate Itemized Wage Statements pursuant to Labor Code §226, (6) Violation of PAGA for Failure to Indemnify for Expenditures or Losses in Discharge of Duties pursuant to Labor Code §2802.

7. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”) that complies with the Court Rules for Preliminary Approvals.

7.1 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court’s Preliminary Approval to the Administrator.

7.2 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court’s concerns.

8. SETTLEMENT ADMINISTRATION.

8.1 Selection of Administrator. The Parties have jointly selected Phoenix Class Action Administration Solutions to serve as the Administrator and verified that, as a condition of appointment, Phoenix Class Action Administration Solutions agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

8.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.

8.4 Notice to Class Members.

8.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.

8.4.2 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

8.4.3 Not later than three (3) business days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

8.4.4 The deadlines for Class Members’ written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional fourteen (14) days beyond the sixty (60) days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

8.4.5 If the Administrator, Palecek or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

8.5 Requests for Exclusion (Opt-Outs).

8.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

8.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

8.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 6.2 and 6.3 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

8.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 6.3 of this Agreement and are eligible for an Individual PAGA Payment.

8.6 Challenges to Calculation of Pay Periods. Each Class Member shall have sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Pay Periods and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

8.7 Objections to Settlement.

8.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

8.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than sixty (60) days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

8.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

8.8 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

8.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

8.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, objections received, challenges to Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received. The Administrator must, upon request by Defense Counsel, provide contact

information for any Requests for Exclusion (whether valid or invalid) received.

8.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

8.8.5 Administrator's Declaration. Not later than fourteen (14) days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

8.8.6 Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

9. CLASS SIZE ESTIMATES and ESCALATOR CLAUSE. Based on its records, Palecek estimates that, as of the date of this Settlement Agreement, (1) there are two hundred eighty-five (285) Class Members and eighteen thousand five hundred twenty-five (18,525) Total Pay Periods during the Class period and (2) there are one-hundred ninety-seven (197) Aggrieved Employees who worked 7,781 Pay Periods during the PAGA Period. Should the actual number of pay periods worked by the Class Members exceed s more than ten percent (10%) greater than this figure (i.e., if there are 20,378 or more total pay periods), Plaintiff may exercise the option to withdraw from the settlement and, if that occurs, this MOU will be entirely void. However, the parties may also agree to modify the terms of the settlement, based on the changed facts.

10. RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds five percent (5%) of the total of all Class Members, Palecek may elect to withdraw from the Settlement. The Parties agree that, if Palecek withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Palecek will remain responsible for paying all Settlement Administration Expenses incurred to that point. Palecek must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

11. MOTION FOR FINAL APPROVAL. Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

11.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

11.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement, the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

11.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

11.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties’ obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

11.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement, this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court’s concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court’s award of the Class Representative Service Payment or any payments

to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

12. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

13. ADDITIONAL PROVISIONS.

13.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Palecek that any of the allegations in the Operative Complaint have merit or that Palecek has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Palecek's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Palecek reserves the right to contest certification of any class for any reasons, and Palecek reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Palecek's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

13.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Palecek and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) the court or counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Palecek and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

13.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical

obligations owed to Class Members.

13.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

13.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Palecek, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

13.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

13.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

13.8 No Tax Advice. Neither Plaintiff, Class Counsel, Palecek nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

13.9 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

13.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

13.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

13.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

13.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

13.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Palecek in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from Palecek unless, prior to the Court's discharge of the Administrator's obligation, Palecek makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.

13.15 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

13.16 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

13.17 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Kevin Mahoney, Esq
kmahoney@mahoney-law.net
Berkeh Alemzadeh, Esq.
balem@mahoney-law.net
MAHONEY LAW GROUP, APC
249 E. Ocean Blvd. Ste. 814
Long Beach, CA 90802

To Palecek Imports, Inc.:

Sat Sang Khalsa, Esq.

skhalsa@grsm.com

John v. Ricca, Esq.

jricca@grsm.com

GORDON REES SCULLY & MANSUKHANI LLP

275 Battery Street, Suite 2000

San Francisco, CA 94111

13.18 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

13.19 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

Plaintiff Mandisa Ain Lyons

Sue Eccleston for Palecek

Counsel for Plaintiff

Counsel For Palecek

To Palecek Imports, Inc.:

Sat Sang Khalsa, Esq.

skhalsa@grsm.com

John v. Ricca, Esq.

jricca@grsm.com

GORDON REES SCULLY & MANSUKHANI LLP

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Mandisa Lyons

Plaintiff Mandisa Ain Lyons

[Signature]

Counsel for Plaintiff

[Signature]

Sue Eccleston for Palecek

[Signature]

Counsel For Palecek

EXHIBIT B

**COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING
DATE FOR FINAL COURT APPROVAL**

Superior Court of California – County of Contra Costa
Case No. CIVMSC21-01222

The Superior Court for the State of California authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit ("Action") against Palecek Imports, Inc. ("Palecek") for alleged wage and hour violations. The Action was filed by a former employee Mandisa Lyons ("Plaintiff") and seeks payment of (1) back wages, business reimbursements, penalties and interest for a class of non-exempt employees ("Class Members") who worked for Palecek during the Class Period (June 1, 2017, through the date of preliminary approval of the Parties' settlement agreement by the Court and excluding any persons who were represented by counsel, and had a civil action pending as of July 1, 2022); and (2) penalties under the California Private Attorney General Act ("PAGA") for all non-exempt employees who worked for Palecek during the PAGA Period (April 1, 2020 to through the date of preliminary approval of the Parties' settlement agreement by the Court and excluding any persons who were represented by counsel, and had a civil action pending as of July 1, 2022) ("Aggrieved Employees"). Palecek values its employees and contends it has always paid its employees properly and denies Plaintiff's allegations. The parties have agreed to resolve their differences, and this is a settlement of a disputed claim.

The proposed Settlement has two main parts: (1) a Class Settlement requiring Palecek to fund Individual Class Payments, and (2) a PAGA Settlement requiring Palecek to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency ("LWDA").

Based on Palecek's records, and the Parties' current assumptions, your Individual Class Payment is estimated to be \$_____ (less withholding) and your Individual PAGA Payment is estimated to be \$_____. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Palecek's records you are not eligible for an Individual PAGA Payment under the Settlement because you didn't work during the PAGA Period.)

The above estimates are based on Palecek's records showing that you worked _____ pay periods during the Class Period and you worked _____ pay periods during the PAGA Period. If you believe that you worked more workweeks during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment

that requires Palecek to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Palecek.

If you worked for Palecek during the Class Period and/or the PAGA Period, you have two (2) basic options under the Settlement:

(1) Do Nothing. You do not have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Palecek.

(2) Opt-Out of the Class Settlement. You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Palecek, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Palecek will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Palecek that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is _____	<p>If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice.</p> <p>You cannot opt-out of the PAGA portion of the proposed Settlement. Palecek must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released</p>

<p>Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement</p> <p>Written Objections Must be Submitted by _____</p>	<p>Claims (defined below).</p> <p>All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed Settlement. The Court’s decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.</p>
<p>You Can Participate in the _____ Final Approval Hearing the Court’s Final Approval Hearing</p>	<p>The Court’s Final Approval Hearing is scheduled to take place on _____. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.</p>
<p>You Can Challenge the Calculation of Your Pay Periods</p> <p>Written Challenges Must be Submitted by _____</p>	<p>The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many pay periods during the Class Period and how many Pay Periods you worked during the PAGA Period, respectively. The number Pay Periods you worked according to Palecek’s records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.</p>
<p>You Can Challenge the Calculation of Your Workweeks/Pay Periods</p> <p>Written Challenges Must be Submitted by _____</p>	<p>The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Palecek’s records is stated on the first page of this Notice. If you disagree with either of these</p>

	numbers, you must challenge it by _____. See Section 4 of this Notice. 1.
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1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Palecek. The Action accuses Palecek of violating California labor laws by failing to pay minimum and overtimes wages, failure to provide meal and rest breaks, failure to provide or keep accurate itemized wage statements/records, failure to provide business reimbursements, and failure to timely pay all wages due upon termination. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) (“PAGA”). Plaintiff is represented Mahoney Law Group, APC.

Palecek vehemently denies having violated any laws or having failed to pay any wages. Palecek’s position is that it has complied with all applicable California labor laws, paid all minimum and overtime wages to its employees, provided accurate itemized wage statements and provided meal breaks, rest breaks, expense reimbursement and timely wages to employees at the end of their employment.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination that either Palecek or Plaintiff is correct. In the meantime, Plaintiff and Palecek hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an end this case by agreement rather than continuing the expensive and time-consuming and disruptive process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Palecek have negotiated a proposed Settlement that subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of claims that are disputed by both sides. By agreeing to settle, there is no admission to the merit of any of the claims brought by Palecek’s former employee.

Plaintiff her counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Palecek Imports, Inc. has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and allegedly Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Palecek Will Pay a Gross Settlement Amount. Palecek has agreed to deposit a Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the California Labor and Workforce

Development Agency ("LWDA"). Assuming the Court grants Final Approval, Palecek will fund the Gross Settlement not more than thirty (30) days after the Judgment entered by the Court become final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.

2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

A. Up to 33% or three hundred thousand dollars (\$300,000.00) of the Gross Settlement to Class Counsel for attorneys' fees and up to twenty thousand dollars (\$20,000.00) for their litigation expenses.

B. Up to a five thousand dollars (\$5,000.00) as a Class Representative Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment, Individual PAGA Payment, and Individual General Release Payment.

C. Up to twenty thousand dollars (\$20,000.00) to the Administrator for services administering the Settlement.

D. Up to ten thousand dollars (\$10,000.00) for PAGA Penalties, allocated 75% or seven thousand five hundred dollars (\$7,500.00) to the LWDA PAGA Payment and 25% or two thousand five hundred dollars (\$2,500.00) in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the remaining Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period pay periods.

4. Taxes Owed on Payments to Class Members. Plaintiff and Palecek are asking the Court to approve an allocation of ten (10) percent of each Individual Class Payment to taxable wages ("Wage Portion") and seventy (70) percent to penalties and twenty (20) percent to interest ("Non-Wage Portion."). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms. Although Plaintiff and Palecek have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name.

If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than _____, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the _____ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments but will preserve their rights to personally pursue wage and hour claims against Palecek.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Palecek based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and Palecek have agreed that, in either case, the Settlement will be void: Palecek will not be required to pay any money and no claims against Palecek will be released.

8. Administrator. The Court has appointed a neutral company, Phoenix Class Action Administration Solutions (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and remail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

9. Participating Class Members' Release. After the Judgment is final and Palecek has fully funded the Gross Settlement Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Palecek or related entities for wages or other claims based on the theories of liability and facts raised or which could have been raised by Class Counsel during the Class Period and PAGA Period as resolved by this Settlement. The Participating Class Members will be bound by the following release: "All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims, charges, complaints, liens, demands, causes of

action, obligations, damages and liabilities, known or unknown, suspected or unsuspected, that each participating class member had, now has, or may hereafter claim to have against Palecek Palecek Imports, Inc., and its agents, officers, employees, directors, owners, subsidiaries, DBA's, attorneys and parent companies, ("Released Parties") and that were asserted in the Action, or that arise from or could have been asserted based on any of the facts, circumstances, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act alleged in Plaintiff's Complaint or First Amended Complaint, regardless of whether such claims arise under federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law ("the Released Claims"). The Released Claims specifically include, but are not limited to Labor Code §§ 201, 202, 203, 226, 226.7, 510, 512, 1174, 1182.12, 1194, 1194.2, 1197, and 2802 and the related IWC Wage Order No. 1-2001 and Business & Professions Code §§ 17200, et seq. claims based on alleged violations of these Labor Code and Wage Order provisions) and all other claims, such as those under the California Labor Code, Wage Orders, regulations, and/or other provisions of law, that could have been pleaded based on the facts asserted in the Action, including: (1) failure to timely pay employees upon separation or discharge; (2) failure to pay all wages due and owing for time worked; (3) failure to reimburse necessary business expenditures, (4) failure to provide meal or rest periods of compensation in lieu thereof, (5) failure to provide accurate itemized wage statement, (6) all related violations of the applicable Wage Orders; (7) all related violations of California's unfair competition law; and (8) interest, fees, and costs ("Released Claims"). The enumeration of these specific statutes shall neither enlarge or narrow the scope of res judicata based on the claims that were asserted in the Action or could have been asserted in the Action based on the facts and circumstances alleged in any Complaint on file in the Action."

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Palecek has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Palecek, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Palecek or its related entities based on the PAGA Period facts alleged in the Action, notice to the LWDA and resolved by this Settlement. The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows: "All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or PAGA Notices filed by Mandisa Lyons with the LWDA including, but not limited to (1) Violation of PAGA for Failure to Pay Minimum Wages and Overtime pursuant to Labor Code §§510, 1194, 1197.2, 1197, 1197.1, (2) Violation of PAGA for Failure to provide Meal Periods pursuant to Labor Code §§ 226.7, 512, (3) Violation of PAGA for Failure to Provide Rest Periods pursuant to Labor Code § 226.7, (4) Violation of PAGA for Failure to Pay Wages Due at Separation of Employment pursuant to Labor Code §§ 201, 202, 203, 204, (5) Violation of PAGA for Failure to Issue Accurate Itemized Wage Statements pursuant to Labor Code §226, (6) Violation of PAGA for Failure to Indemnify for Expenditures or Losses in Discharge of Duties pursuant to Labor Code §2802."

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of pay periods worked by all Participating Class Members, and (b) multiplying the result by the number of pay periods worked by each individual Participating Class Member.

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing two thousand five hundred dollars (\$2,500.00) by the total number of PAGA Pay Periods worked by all allegedly Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual allegedly Aggrieved Employee.

3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Palecek's records, are stated in the first page of this Notice. You have until _____ to challenge the number of Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Palecek's calculation of Pay Periods based on Palecek's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Palecek's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.

2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit Request for Exclusion Form provided with this notice. The Administrator will exclude you

based on any writing communicating your request be excluded. Be sure to personally sign your form, You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Palecek are asking the Court to approve. At least _____ days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website _____ or the Court's website _____.

The deadline for sending written objections to the Administrator is _____. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action _____ and include your name, current address, telephone number, and approximate dates of employment for Palecek and sign the objection. Section 9 of this Notice has the Administrator's contact information. Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _____ at _____ in Department 7 of the Contra Costa Superior Court. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend either personally or virtually. Check the Court's website for the most current information. It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Palecek and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to the Court's website. You can also telephone or send an email to Class

Counsel or the Administrator using the contact information listed below, or consult the Superior Court website and entering the Case Number for the Action, Case No. C21-01222. DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel: Name of Attorney: Kevin Mahoney/ Berkeh Alemzadeh
Email Address: kmahoney@mahoney-law.net/balem@mahoney-law.net
Name of Firm: Mahoney Law Group
Mailing Address: 249 E. Ocean Boulevard, Suite 814, Long Beach, CA 90802
Telephone: 562-590-5550

Settlement Administrator:
Name of Company:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void

- ☐ you should consult the Unclaimed Property Fund _____ for instructions on how to retrieve the funds
- ☐ you will have no way to recover the money.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT C

OPT OUT FORM

Mandisa Ain Lyons v. Palecek Imports, Inc.
Superior Court of California for the County of Contra Costa, Case No. CIVMSC21-01222

MAIL OR FAX BY [insert date] TO:

Mandisa Ain Lyons v. Palecek Imports, Inc. Administrator
INSERT ADDRESS AND FAX # of Administrator

COMPLETE THIS FORM **ONLY IF** YOU WISH TO EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS. IF YOU EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS, YOU **WILL NOT RECEIVE** YOUR PAYMENT FROM THE SETTLEMENT.

I understand that by opting out of this Class Action Settlement, I will not be eligible to receive any money that may result from any trial or settlement of this lawsuit. I do not wish to receive compensation under the terms of any judgment or settlement or otherwise participate in this Class Action.

I further understand that by opting out, all personal representatives, spouses and relatives who on account of a personal relationship to me might assert a derivative claim or money will be deemed to have opted out as well, unless such person is entitled to participate in this Class Action by virtue of their own employment with Palecek, Inc. I also understand that even if I wish to opt-out of this Class Action Settlement, if I am deemed an Aggrieved Employee, that I will still receive an Individual PAGA Payment if I worked during the PAGA period.

If you wish to opt out of this Class Action, please check the box below.

☐

By checking this box, I affirm that I wish to be excluded from this Class Action Settlement.

Date Signed

Signature of Class Member or Executor, Administrator or
Personal Representative

Name of Class Member: _____

Address: _____
Street City State Zip Code

Last four digits of your Social Security Number: _____

If you have any questions about this notice, you may also contact the Notice Administrator at:

Phoenix Class Action Administration Solutions

PHOENIX CLASS ACTION ADMINISTRATION SOLUTIONS

1411 N. Batavia St., Suite 105

Orange, CA 92867

Phone: 888-517-4291

EXHIBIT D

Nicole Pierson

From: DIR PAGA Unit <lwdadonotreply@dir.ca.gov>
Sent: Wednesday, October 12, 2022 3:36 PM
To: Nicole Pierson
Subject: Thank you for your Proposed Settlement Submission

10/12/2022 03:36:04 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: http://labor.ca.gov/Private_Attorneys_General_Act.htm

PROOF OF SERVICE

Code of Civ. Proc. § 1013a, subd. (3)

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 249 East Ocean Boulevard, Suite 814, Long Beach, California, 90802.

On **October 14, 2022**, I served [X] true copies [] originals of the following document(s): **DECLARATION OF KEVIN MAHONEY IN SUPPORT OF PLAINTIFF MANDISA AIN LYONS' MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT** served the document(s) on the person(s) below as follows:

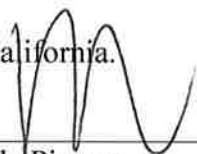
<p>John V. Ricca, Esq. Sat Sang Khalsa, Esq. GORDON & REES LLP 275 Battery Street, 2 Ste. 2000 San Francisco, CA 94111</p> <p>VIA EMAIL ONLY</p>	<p>Attorneys for Defendant PALECEK IMPORTS, INC.</p> <p>Telephone: (415) 986-5900 Facsimile: (415) 986-8054 Emails: jricca@grsm.com jvernon@grsm.com skhalsa@grsm.com</p>
<p>Graham S.P. Hollis, Esq. Vilmarie Cordero, Esq. Hali Anderson, Esq. Nathan J. Reese, Esq. GRAHAMHOLLIS APC 3555 Fifth Ave. Ste. 200 San Diego, CA 92103</p> <p>VIA EMAIL & FEDEX</p>	<p>Attorneys for Plaintiff CRYSTAL SARUCA</p> <p>Telephone: (619) 692-0800 Facsimile: (619) 692-0822 Emails: ghollis@grahamhollis.com cordero@grahamhollis.com handerson@grahamhollis.com nreese@grahamhollis.com</p>

The document(s) were served by the following means:

☒ **By e-mail:** Based upon court order or an agreement of the parties to accept service by e-mail, I caused the document(s) to be sent to the persons at the electronic service addresses listed above from the email address npierson@mahoney-law.net. Within a reasonable time after the transmission, no error, electronic message or any other indication that the transmission was unsuccessful was received.

☒ **(State):** I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **October 14, 2022**, at Long Beach, California.



Nicole Pierson