

Hilario Reyes Preciado v. KIP Incorporated
Riverside County Superior Court Case No. CVR12103836

Name/Address Changes (if any):

«First_Name» «Last_Name»

«Address_1»

«City», «State» «Zip»

NOTICE OF CLASS ACTION SETTLEMENT AFFECTING YOUR RIGHTS

If you are or were an Eligible Employee of KIP Incorporated (or “KIP”) at any time between August 24, 2017 to August 15, 2022, you may be able entitled to receive money from a Settlement.

“Eligible Employee” is an hourly employee of KIP whose work subjected KIP to the minimum wage laws, overtime laws, meal and rest period laws, and other related laws in the California Labor Code and Industrial Welfare Commission Wage Orders.

A court approved this notice. This is not a solicitation from a lawyer. You are not being sued.

PLEASE READ THIS NOTICE.

Your legal rights are affected whether you act or don’t act. Your legal rights and options—and the deadlines to use them—are explained in this notice.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND RECEIVE SETTLEMENT PAYMENT	You are not required to take action to receive a payment. If you do nothing, you will automatically receive a payment from the Settlement if the Court finally approves the Settlement. In exchange, you will be bound by the Settlement including the release of all claims covered by the Settlement.
REQUEST EXCLUSION	Request to be excluded and receive no benefits from the Settlement. If you submit a Request for Exclusion, you will not receive a settlement payment. However, if you are a PAGA Group Member, as defined below, you cannot opt out of the PAGA Payment.
OBJECT	If you wish to object to the Settlement, you may submit a written objection and supporting papers to the Settlement Administrator. Any written objections will be provided to the Court. In order to object, you must not have excluded yourself from the Settlement.

1. Why should you read this Notice?

A proposed settlement (the “Settlement”) has been reached in a class action lawsuit entitled *Hilario Reyes Preciado v. KIP Incorporated*, Riverside County Superior Court Case No. CVR12103836 (the “Action” or “Lawsuit”) that affects your rights. The Defendant in the Action is KIP Incorporated (referred in this Notice as “Defendant.”)

The Court has granted preliminary approval of a “Settlement Class” defined as follows:

All persons employed in the State of California as an Eligible Employee at any time between August 24, 2017, to August 15, 2022.

The Court has also granted preliminary approval of a “PAGA Group” defined as follows:

All persons employed in the State of California as an Eligible Employee at any time between August 24, 2020, to August 15, 2022.

Defendant’s employment records indicate that you meet one or both of these definitions, which makes you a member of the Settlement Class (referred to in this Notice as a “Class Member”) and possibly a member of the PAGA Group (referred to in this Notice as a “PAGA Group Member”). The Court directed that this Notice be sent to all Class Members and PAGA Group Members to inform you about the case and your rights and options before the Court decides to approve the Settlement. If the Court approves the Settlement, and after any appeals are resolved, payments will be made to all Class Members who have not opted out of the Settlement and all PAGA Group Members.

This Notice explains the Lawsuit, the Settlement, your legal rights and options, what benefits are available and how to get them.

2. What is this Lawsuit about?

On August 24, 2021, Plaintiff Hilario Reyes Preciado filed a complaint against Defendant on behalf of other employees alleging several violations of California wage and hour laws. Plaintiff filed the Action on behalf of himself and on behalf of all Eligible Employees from August 24, 2017. Plaintiff amended the complaint (referred to in this notice as the “Operative Complaint”) on March 22, 2022. By Plaintiff’s Operative Complaint, Plaintiff alleges that the Defendant committed the following violations: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code Section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; (9) Violation of Business & Professional Code Section 17200.; and (10) Owes civil penalties under California’s Private Attorneys General Act of 2004, California Labor Code Sections 2698-2699.5 (“PAGA”). Defendant vigorously denies all the claims and contentions made in the Operative Complaint and maintains its fully complied with the law. However, Defendant has agreed to settle the Lawsuit to avoid the expense of litigation.

3. Why is there a Settlement?

The Court did not decide in favor of Plaintiff or Defendant. Instead, both sides agreed to a Settlement. This allows the Parties to avoid the risk and uncertainty of trial and any subsequent appeal, and all affected employees who have not opted out of the Settlement will receive compensation. The Settlement is not an admission of liability by Defendant. Plaintiff and the attorneys believe the Settlement is fair, reasonable and adequate, and in the best interests of all Class Members.

The Court has determined only that there is sufficient evidence to suggest that the proposed settlement might be fair, adequate, and reasonable, and that any final determination of those issues will be made at the final hearing.

4. What are the terms of the Settlement?

Defendant will pay Four Hundred Fifty Thousand Dollars and Zero Cents (\$450,000.00) to settle the Action (the “Maximum Settlement Amount”). The Maximum Settlement Amount includes: (a) all Settlement Payments to Participating Class Members; (b) the Service Award to Plaintiff (“the Class Representative”); (c) the Class Counsel’s attorneys’ fees and costs; (d) a payment to the California Labor and Workforce Development Agency for civil penalties brought under PAGA; (e) all PAGA Payments to the PAGA Group Members; and (f) the reasonable fees and costs of the Settlement Administrator. Defendant will pay their portion of all payroll taxes resulting from the Settlement in addition to the Maximum Settlement Amount.

The Court has preliminarily approved the following payments from the Maximum Settlement Amount. Class Counsel will request that the Court award Class Counsel up to one-third (1/3) of the Maximum Settlement Amount (currently estimated to be One Hundred and Fifty Thousand Dollars (\$150,000.00)) in attorneys’ fees and up to Eighteen Thousand Dollars and Zero Cents (\$18,000.00) in out-of-pocket litigation costs, Seven Thousand Dollars and Zero Cents (\$7,000.00) for Settlement Administration Costs for the third-party Settlement Administrator, and up to Seven Thousand, Five Hundred Dollars and Zero Cents (\$7,500.00) for the Service Award for the Class and PAGA Representative in recognition of his time and service to the Class in pursuing the Action and in fulfilling his obligations as the Class and PAGA Representative. Additionally, the Settlement provides for a payment of Forty Thousand Dollars and Zero Cents (\$40,000.00) (the “LWDA Payment”) to resolve claims under PAGA, of which Ten Thousand Dollars and Zero Cents (\$10,000.00) will be distributed to the PAGA Group Members and Thirty Thousand Dollars and Zero Cents (\$30,000.00) will be paid to the California Labor and Workforce Development Agency (“LWDA”). This allocation of the LWDA Payment is required by California law. The final amounts of these various payments are all subject to Court approval.

After deductions of the preceding Court-approved payments, the remaining amount—the “Net Settlement Amount”—will be distributed to those Class Members who have not opted out of the Settlement (the “Participating Class Members”). No portion of the Maximum Settlement Amount will be returned to Defendant.

5. How much can I expect to receive?

Each Participating Class Member will receive a proportionate share of the Net Settlement Amount based on the number of workweeks the person worked for KIP Incorporated as an Eligible Employee during the Class Period, defined as the period of time from August 24, 2017, to August 15, 2022. Any workweek in which a Class Member worked at least one day shall be counted as a workweek.

To calculate a Class Member’s Individual Settlement Payment, the Net Settlement Amount will be divided by the aggregate total number of workweeks of all Participating Class Members, resulting in the “Workweek Value.” Each Participating Class Member’s Individual Settlement Payment will be calculated by multiplying each individual Participating Class Member’s total number of workweeks by the Workweek Value.

Your Compensable Workweeks are: «total_weeks»

Your Estimated Individual Settlement Payment is: «Class_Est_Set»

All settlement payments are subject to taxation. Each Individual Settlement Payment will be allocated as follows: (a) 10% as wages that will be subject to deductions and withholdings for the employee's share of state and federal payroll taxes; and (b) 90% as penalties and interest that will not be subject to deductions and withholdings. Each Participating Class Member will receive an IRS Form W-2 with respect to the portion of the Settlement Payment allocated to wages and an IRS Form-1099 with respect to the portion of the Settlement Payment allocated to penalties and interest, unless said payment is less than or equal to \$600.00. Prior to mailing Settlement checks, the Settlement Administrator will calculate and deduct the employee's required withholdings and payroll taxes from the "wage" portion of the Settlement payment. Defendant will separately pay the employer's share of payroll taxes with respect to the "wage" portion of each Settlement payment.

Please note that each Participating Class Member will be responsible for his/her share of taxes attributable to the receipt of an Individual Settlement Payment. The Parties and their attorneys cannot provide and will not provide any advice regarding tax obligations. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

Each PAGA Group Member will receive a proportionate share of the PAGA Payment based on the number of pay periods the person was an Eligible Employee during the PAGA Period, defined as the period of time from August 24, 2020, to August 15, 2022. Any pay period in which a PAGA Group Member worked at least one day shall be counted as a pay period.

To calculate a PAGA Group Member's Individual PAGA Payment, the PAGA Payment will be divided by the aggregate total number of pay periods of all PAGA Group Members, resulting in the "Pay Period Value." Each PAGA Group Member's Individual Settlement Payment will be calculated by multiplying each individual PAGA Group Member's total number of pay periods by the Pay Period Value.

Your Compensable Pay Periods are: «PAGA_Pay_Periods»

Your Estimated Individual PAGA Payment is: «PAGA_Amount»

All settlement payments are subject to taxation. Each Individual PAGA Payment will be allocated as follows: 100% as penalties that will not be subject to deductions and withholdings. Each PAGA Group Member will receive an IRS Form-1099 for his or her Individual PAGA Payment, unless said payment is less than or equal to \$600.00.

Please note that each PAGA Group Member will be responsible for his/her taxes attributable to the receipt of an Individual PAGA Payment. The Parties and their attorneys cannot provide and will not provide any advice regarding tax obligations. PAGA Group Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

6. What if I disagree with the number of workweeks and/or pay periods credited to me in this Notice?

The information concerning the number of workweeks and/or pay periods you worked as an Eligible Employee during the Class Period and/or PAGA Period is based on Defendant's records. To dispute this number of workweeks and/or pay periods credited to you, you must send written notice to the Settlement Administrator. To be valid, your written dispute of weeks worked must: (1) include your full name, address, telephone number, and last four digits of the Social Security number; and (2) be accompanied by satisfactory evidence of the actual weeks worked as an Eligible Employee during the Class Period and/or PAGA Period, including any supporting documentation (e.g., copies of your pay stubs). To be timely, your written dispute of workweeks and/or pay periods worked must be mailed by first-class U.S. Mail, or the equivalent, to the Settlement Administrator *at the address provided below*, and be postmarked on or before July 10, 2023.

The Parties and the Settlement Administrator will promptly evaluate the evidence submitted and discuss in good faith how many workweeks and/or pay periods should be credited to the Class Member and/or PAGA Group Member. The Settlement Administrator will make the final decision as to how many workweeks and/or pay periods should be credited to the Class Member and/or PAGA Group Member and report the outcome to the Class Member and/or PAGA Group Member.

7. How and when will I get a payment? How do I update my address?

How do I receive money from the Settlement? You do not need to do anything to receive your Individual Settlement Payment and/or Individual PAGA Payment. Just watch your mail for a check and cash it when you get it. If you do not exclude yourself from the Settlement, you will automatically receive money from the Settlement. You do not need to make a claim or take any other action to receive your share of the Settlement.

When will I receive my Settlement payment? Class Members who do not opt out of the Settlement will receive their payments only after the Court grants final approval to the Settlement and after any appeals are resolved. PAGA Group Members will receive their payments only after the Court grants final approval to the Settlement and after any appeals are resolved. If there are appeals, resolving them can take time. Please be patient.

Settlement payment checks must be cashed soon after receipt. The Settlement checks will be able to be cashed for 180 days after they are issued. After 180 days, the Settlement checks will no longer be able to be cashed. Any funds represented by Settlement checks remaining uncashed for more than 180 days after issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Sections 1500 - 1582, in the names of those Participating

Class Members and/or PAGA Group Members who did not cash their checks until such time they claim their property. However, a PAGA Group Member who fails to negotiate or receive their PAGA Payment Share check despite the procedures described above shall nevertheless remain bound by the Settlement, shall forfeit those funds, and those funds shall be sent to the LWDA by the Administrator if the collective amount of those checks do not justify the expense of a second distribution to employees who did cash their checks.

Change of address. It is your responsibility to keep a current address on file with the Settlement Administrator to ensure that you receive your Settlement payment. If you change your address, or if this notice was not mailed to your correct address, you should immediately provide your current address to the Settlement Administrator. The Settlement Administrator can be reached at (800) 523-5773, or at the address provided below.

8. What claims are being released by the Settlement?

If the Settlement is approved by the Court, a Judgment will be entered by the Court. Upon the Effective Date of the Judgment, all Participating Class Members shall release the Released Parties from the Class Released Claims for the Class Period, which is defined as the period of time between August 24, 2017, to August 15, 2022.

The Class Released Claims are defined as all causes of action and claims that were stated in the complaint and those based solely upon the facts alleged in the complaint, including all of the following claims for relief from August 24, 2017, to August 15, 2022: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code Section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; and (9) Violation of Business & Professional Code Section 17200 (the “Class Released Claims”). The Class Released Claims only cover the time period of August 24, 2017 to August 15, 2022.

Other than for Plaintiff, claims of Participating Class Members, if any, for vested benefits, wrongful termination, unemployment insurance, disability benefits, social security, workers’ compensation, claims while not an Eligible Employee, and claims outside of the Class Period are not encompassed within the definition of “Class Released Claims.”

Any Class Member who does not request exclusion by the applicable deadline will be considered to have accepted the release and to have waived any and all of the Released Claims against the Released Parties.

If the Settlement is approved by the Court, a Judgment will be entered by the Court. Upon the Effective Date of the Judgment, Plaintiff and the LWDA shall release the Released Parties from the PAGA Released Claims for the PAGA Period, which is defined as the period of time between August 24, 2020, to August 15, 2022.

The PAGA Released Claims are defined as all claims for civil penalties under the California Labor Code Private Attorney’s General Act of 2004 that were alleged in Plaintiff’s LWDA Exhaustion Letter and/or in the Action, including claims for relief for: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code Section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; and (8) Failure to Provide Accurate and Itemized Wage Statements (“PAGA Released Claims”). The PAGA Released Claims only cover the time period of August 24, 2020, through August 15, 2022.

PAGA Group Members cannot opt out of or object to the foregoing PAGA Released Claims.

Released Parties for both the Class and PAGA Released Claims include Defendant KIP Incorporated and its past and present officers, directors, and employees.

9. What are my options?

a. **Participate in the Settlement and Receive a Settlement Payment.** If you want to participate in the Settlement, you do not have to do anything. You will receive your Individual Settlement Payment automatically if the Settlement is finally approved by the Court. If applicable, you will receive your Individual PAGA Payment automatically if the Settlement is finally approved by the Court.

b. **Exclude yourself from the Settlement.** If you do not want to be part of the Settlement, you can request to be excluded from the Settlement by completing the enclosed Request for Exclusion Form and either mailing it, faxing it, or e-mailing it to the Settlement Administrator. If you exclude yourself, you will not receive your Individual Settlement Payment, you will not be subject to the terms of the Settlement, and you will retain whatever rights you may currently have. To be valid, your Request for Exclusion Form must include your signature and must be timely. You may use the Request for Exclusion Form, which is attached hereto as Exhibit A, to exclude yourself. If you elect to exclude yourself, but do not use the included form, your request for exclusion must: (1) include your full name, address, and last four digits of the Social Security number; (2) your approximate dates of employment with Defendant; and (3) a clear statement that you wish to be excluded from the Settlement in *Hilario Reyes Preciado v. KIP Incorporated*, Case No. CVR12103836. To be timely, a Request for Exclusion must be mailed by first-class U.S. Mail (or the equivalent), faxed, or e-mailed to the Settlement Administrator at the address, fax number, or e-mail provided below and be postmarked or have a transmission date on or before July 10, 2023.

If applicable, you may not exclude yourself from the PAGA Group and you will receive your PAGA Payment even if you request exclusion.

c. **Object to the Settlement.** If you're a Class Member, you can object to the Settlement if you don't like any part of it. You can give reasons why you think the Court should not approve the Settlement. The Court will consider your views. If the Court rejects your objection and finally approves the Settlement, you will still be bound by the terms of the Settlement, but you will also receive a monetary award.

To object, you may submit a written objection stating why you object to the Settlement using the included Objection Form, or you may simply appear at the Final Approval Hearing set for January 22, 2024 at 8:30 a.m. in the Riverside County Superior Court and discuss your objection with the Court and the Parties at your own expense. Written objections must include: (i) your full name, current address, and last four digits of the Social Security number; (ii) the approximate dates of your employment at Defendants; (iii) the case name and number (*Hilario Reyes Preciado v. KIP Incorporated*, Riverside County Superior Court Case No. CVR12103836); (iii) a written statement of all grounds for the objection accompanied by any legal support for such objection; and (iv) copies of any papers, briefs, or other documents on which the objection is based, if any; (v) your signature. You may use the Objection Form, which is attached hereto as Exhibit B, to object. To be timely, a written objection must be mailed by first-class U.S. Mail, faxed, or e-mailed to the Settlement Administrator at the address, fax number, or e-mail provided below and be postmarked or have a transmission date on or before July 10, 2023.

Please note that you cannot both exclude yourself and object to the Settlement. In order for you to object to this Settlement, or any term of it, you may not submit a Request for Exclusion.

10. Who are the attorneys representing the Plaintiff and the Settlement Class?

The Court has appointed the following lawyers as "Class Counsel" to represent all Class Members:

MOON & YANG PC
Kane Moon
Allen Feghali
Edwin Kamarzarian
1055 W. 7th Street, Suite 1880
Los Angeles, California 90017
Telephone: 213.232.3128

You will not be charged for these lawyers.

11. How will the attorneys for the Settlement Class be paid?

All payments for Class Counsel's attorneys' fees and costs will be made from the Maximum Settlement Amount. Class Counsel intends to request an award of attorneys' fees up to one-third (1/3) of the Maximum Settlement Amount (currently estimated to be One Hundred and Fifty Thousand Dollars and Zero Cents (\$150,000.00)), plus reimbursement of reasonable, actual out-of-pocket costs incurred in the litigation, up to Eighteen Thousand Dollars and Zero Cents (\$18,000.00). Class Counsel has been prosecuting this Action on behalf of Plaintiff and the Settlement Class on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs. The Court will decide the amount of fees and expenses to award at the Final Approval Hearing.

12. When and where will the Court decide to approve the Settlement?

The Court has preliminarily approved the settlement and will hold a hearing, called a Final Approval Hearing, to decide whether to give final approval to the Settlement. The Court will hold the Final Approval Hearing on January 22, 2024 at 8:30 a.m., in Department 1 of the Riverside County Superior Court located at 4050 Main Street, Riverside, CA 92501, before the Honorable Harold Hopp. At the Final Approval Hearing, the Court will rule on Class Counsel's request for attorneys' fees and litigation costs, the Class Representative Service Award, and the Settlement Administration Costs.

You are not required to attend the Final Approval Hearing, although any Class Member is welcome to attend the hearing. If you did not submit a Request for Exclusion, you or your attorney may appear at the hearing at your own expense and request to be heard. The Final Approval Hearing may be postponed without further notice, except that notice will be provided to any objector.

13. Will I be subject to discipline if I participate in the Settlement?

No. Defendant approves the Settlement and will not retaliate in any way against any Class Member for participating in the Settlement. Your decision to participate, not participate, or object to this Settlement will not affect your employment with KIP Incorporated or its treatment of you as a former employee.

14. What is the Settlement Administrator's address?

Any Request for Exclusion, Notice of Objection, address change request, and all other correspondence intended for the Settlement Administrator must be mailed to the Settlement Administrator at the following address:

Preciado v. KIP Incorporated
c/o Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
Tel: (800) 523-5773
Fax: (949) 209-2503
Email: info@phoenixclassaction.com

15. How Can I Get Additional Information?

If you have questions, you can call the Settlement Administrator at (800) 523-5773 and/or Class Counsel at (213) 232-3128. For the precise terms and conditions of the settlement, you may review the detailed "Joint Stipulation of Class Settlement and Release of Claims" which is available for viewing online, free of charge, at the Settlement Administrator's website: <https://www.phoenixclassaction.com/preciado-v-kip-incorporated/>. The pleadings and other court records in the lawsuit are available online, free of charge, at <https://www.phoenixclassaction.com/preciado-v-kip-incorporated/>. The records may also can be examined, free of charge, in person at any time during regular business hours at the at the Clerk's Office of the Superior Court of California, County of Riverside, 4050 Main Street, Riverside, California 92101, or online at <https://www.riverside.courts.ca.gov/OnlineServices/SearchCourtRecords/public-access.php>; or you may contact the Settlement Administrator at Tel: (800) 523-5773. To view the "Joint Stipulation of Class Settlement and Release of Claims" from the Court's website, it must be purchased and is available for purchase as part of the declaration of Kane Moon, Exhibit 1, filed on April 5, 2023. Additionally, if you would like copies of the Settlement documents, you can contact Class Counsel, whose contact information is above, and they will provide you with a copy via e-mail free of charge.

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT'S MANAGERS, SUPERVISORS, OR ATTORNEYS
ABOUT THIS SETTLEMENT

They will not be able to assist you.