

FILED  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF RIVERSIDE

APR 26 2023

*AL* L. Howell

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*Attorneys for Plaintiff Hilario Reyes Preciado*

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE**

HILARIO REYES PRECIADO, individually,  
and on behalf of all others similarly situated,

Plaintiff,

vs.

KIP INCORPORATED a California corporation;  
and DOES 1 through 10, inclusive,

Defendants

Case No.: CVRI2103836

CLASS AND REPRESENTATIVE ACTION

[Hon. Craig Riemer]

**[PROPOSED] ORDER GRANTING  
PLAINTIFF'S MOTION FOR  
PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT**

*Filed with Declaration of Kane Moon*

PRELIMINARY APPROVAL HEARING

Date: April 26, 2023

Time: 8:30 a.m.

Dept. 1

**ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT**

1 The Court has before it Plaintiff Hilario Reyes Preciado's ("Plaintiff") Motion for  
2 Preliminary Approval of Class Action Settlement. Having reviewed the Motion for  
3 Preliminary Approval of Class Action Settlement, the Declarations of Kane Moon – including  
4 the most recent Declaration of Kane Moon in Support of Third Court Ordered Further Briefing  
5 in Support of Plaintiff's Motion for Preliminary Approval of Class Action Settlement, the  
6 Declaration of Plaintiff Hilario Reyes Preciado, the Declaration of Defense counsel Andrea  
7 Rosenkranz, the Declaration of Mike Kennedy for Defendant, the Joint Stipulation re: Class  
8 Action Settlement (which is referred to here as the "Settlement Agreement"), and good cause  
9 appearing, the Court hereby finds, and orders as follows:

CR 10 1. The Court finds on a preliminary basis that the Third Amended Settlement  
11 Agreement attached as Exhibit 2 to the <sup>4-5-2023</sup> ~~most recent~~ Declaration of Kane Moon in Support of  
12 Third Court Ordered Further Briefing in Support of Plaintiff's Motion for Preliminary  
13 Approval of Class Action Settlement appears to be fair, adequate, and reasonable, and  
14 therefore meets the requirements for preliminary approval. The Court grants preliminary  
15 approval of the Settlement Agreement and the Class based upon the terms set forth in the  
16 Settlement Agreement attached to the Declaration of Kane Moon in Support of Plaintiff's  
17 Motion for Preliminary Approval of Class Action Settlement ("Moon Declaration") as Exhibit  
18 1. The Court preliminarily finds that the terms of the Settlement Agreement appear to be  
19 within the range of possible approval, pursuant to California Code of Civil Procedure § 382  
20 and applicable law.

21 2. The Settlement Agreement falls within the range of reasonableness of a  
22 settlement which could ultimately be given final approval by this Court, and appears to be  
23 presumptively valid, subject only to any objections that may be raised at the Final Approval  
24 Hearing and final approval by this Court. The Court notes that Defendant has agreed to create  
25 a common fund of \$450,000.00 to cover (a) settlement payments to class members who do not  
26 validly opt out; (b) \$40,000.00 allocated to penalties under the Private Attorneys General Act  
27 of 2004 ("PAGA"), distributed as follows: 25% (\$10,000) to the PAGA Group and 75%  
28 (\$30,000) to the California Labor and Workforce Development Agency; (c) Class

1 Representative service payment of up to \$7,500.00 for Plaintiff; (d) Class Counsel's attorneys'  
2 fees, not to exceed 33-1/3% of the Gross Settlement Amount (\$150,000.00), and up to  
3 \$18,000.00 in costs for actual litigation expenses incurred by Class Counsel; and (e)  
4 Settlement Administration costs of up to \$7,000.00.

5 3. The Court finds on a preliminary basis that: (1) the settlement amount is fair  
6 and reasonable to the class members when balanced against the probable outcome of further  
7 litigation relating to class certification, liability and damages issues, and potential appeals; (2)  
8 significant informal discovery, investigation, research, and litigation have been conducted  
9 such that counsel for the Parties at this time are able to reasonably evaluate their respective  
10 positions; (3) settlement at this time will avoid substantial costs, delay, and risks that would  
11 be presented by the further prosecution of the litigation; and (4) the proposed settlement has  
12 been reached as the result of intensive, serious, and non-collusive negotiations between the  
13 Parties. Accordingly, the Court preliminarily finds that the Settlement Agreement was entered  
14 into in good faith.

15 4. A final fairness hearing on the question of whether the proposed settlement,  
16 attorneys' fees and costs to Class Counsel, and the class representative's enhancement award  
17 should be finally approved as fair, reasonable and adequate as to the members of the class is  
18 hereby set in accordance with the Implementation Schedule set forth below.

19 5. The Court provisionally certifies for settlement purposes only the following  
20 class: All persons employed in the State of California as an Eligible Employee at any time  
21 between August 24, 2017, to August 15, 2022. The term "Class Members" shall mean  
22 "individuals who are a member of the Class (or if any such person is incompetent, deceased,  
23 or unavailable due to liminary service, the person's legal representative or successor in interest  
24 evidenced by reasonable verification). The term "Class Members" shall not include any person  
25 who submits a timely and valid request for exclusion. The term "Class" or "Eligible  
26 Employee(s)" means "all current and former non-exempt employees who worked for  
27 Defendant in California during the Class Period". The term "Class Period" means the time  
28 from August 24, 2017, through August 15, 2022".

1           6.       Release as To All Participating Settlement Class Members. As of the Effective  
2 Date and upon payment by Defendant of all funds due under this Settlement, all Participating  
3 Class Members, including the Class Representative, release the Participating Class Members  
4 Released Claims. (Settlement ¶ 69.)

5           a.       **Released Parties** includes Defendant KIP Incorporated, and its past and present,  
6 officers, directors, and employees.

7           b.       **Plaintiff's Released Claims** shall mean: Plaintiff, individually and on behalf of  
8 Plaintiff's heirs, executors, administrators, representatives, attorneys, successors  
9 and assigns knowingly and voluntarily releases and forever discharges Defendant,  
10 including any and all parent corporation, affiliates, subsidiaries, managers,  
11 divisions, predecessors, insurers, franchisors, successors and assigns, including  
12 but not limited to each of their current and former employees, attorneys, officers,  
13 directors and agents thereof, both individually and in their business capacities, and  
14 their employee benefit plans and programs and the trustees, administrators,  
15 fiduciaries and insurers of such plans and programs (collectively, "Plaintiff's  
16 Released Parties"), to the fullest extent permitted by law, of and from any and all  
17 claims, known and unknown, asserted and unasserted, which Plaintiff has or may  
18 have against the Plaintiff's Released Parties as of the date of execution of this  
19 Settlement Agreement. Plaintiff is not waiving any rights Plaintiff may have to: (i)  
20 Plaintiff's own vested accrued employee benefits under the Defendant's health,  
21 welfare or retirement benefits plans, if any, as of the date of execution of this  
22 Settlement Agreement; (ii) benefits or rights to seek benefits under applicable  
23 workers' compensation (except as to claims under Labor Code §§ 132a and 4553  
24 which are expressly released herein) or unemployment insurance or  
25 indemnification statutes; (iii) pursue. (Settlement ¶ 67.) To affect a full and  
26 complete general release as described above, Plaintiff expressly waives and  
27 relinquishes all rights and benefits of § 1542 of the Civil Code of the State of  
28 California, without exception, except as may be prohibited by law, and does so

1 understanding and acknowledging the significance and consequence of  
2 specifically waiving § 1542. Thus, notwithstanding the provisions of § 1542, and  
3 to implement a full and complete release and discharge of all parties, Plaintiff  
4 expressly acknowledges this Settlement Agreement is intended to include in its  
5 effect, without limitation, all claims Plaintiff does not know or suspect to exist in  
6 Plaintiff's favor at the time of signing this Settlement Agreement, and that this  
7 Settlement Agreement contemplates the extinguishment of any such claims.  
8 Plaintiff warrants Plaintiff has read this Settlement Agreement, including this  
9 waiver of California Civil Code § 1542, and that Plaintiff has consulted with or  
10 had the opportunity to consult with counsel of Plaintiff's choosing about this  
11 Settlement Agreement and specifically about the waiver of § 1542, and that  
12 Plaintiff understands this Settlement Agreement and the § 1542 waiver, and so  
13 Plaintiff freely and knowingly enters into this Settlement Agreement. Plaintiff  
14 further acknowledges that Plaintiff later may discover facts different from or in  
15 addition to those Plaintiff now knows or believes to be true regarding the matters  
16 released or described in this Settlement Agreement, and even so Plaintiff agrees  
17 that the releases and agreements contained in this Settlement Agreement shall  
18 remain effective in all respects notwithstanding any later discovery of any  
19 different or additional facts. Plaintiff expressly assumes any and all risk of any  
20 mistake in connection with the true facts involved in the matters, disputes or  
21 controversies released or described in this Settlement Agreement or with regard to  
22 any facts now unknown to Plaintiff relating thereto (Settlement ¶ 68.)

- 23 c. **Participating Class Members Released Claims.** As of the date of the Judgment,  
24 each Participating Class Member, and without the need to manually sign a release  
25 document, shall release the Released Parties from all causes of action and claims  
26 stated in the complaint and those based solely upon the facts alleged in the  
27 complaint, including all of the following claims for relief from August 24, 2017,  
28 through August 15, 2022: (1) Failure to Provide Meal Periods; (2) Failure to

1 Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure  
2 to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses;  
3 (6) Failure to Timely Pay Wages Pursuant to Labor Code Section 204 and 210; (7)  
4 Failure to Timely Pay All Wages Due Upon Separation of Employment; (8)  
5 Failure to Provide Accurate and Itemized Wage Statements; and (9) Violation of  
6 Business & Professional Code Section 17200. ("Class Released Claims"). The  
7 Class Released Claims for the Participating Class Members excludes all claims  
8 for vested benefits, wrongful termination, unemployment insurance, disability,  
9 social security, workers' compensation, claims while classified as exempt, and  
10 claims outside of the Class Period. The Class Released Claims only cover the  
11 time period of from August 24, 2017, through August 15, 2022. (Settlement ¶ 69.)

12 d. **The PAGA Group Released Claims:** As of the date of the Judgment, Plaintiff, the  
13 PAGA Group Members, and the LWDA shall release, from August 24, 2020,  
14 through August 15, 2022, the Released Parties from all claims for civil penalties  
15 under the California Labor Code Private Attorney's General Act of 2004 that were  
16 alleged in Plaintiff's LWDA Exhaustion Letter and/or in the Action, including  
17 claims for relief for: (1) Failure to Provide Meal Periods; (2) Failure to Provide  
18 Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay  
19 Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6)  
20 Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7)  
21 Failure to Timely Pay All Wages Due Upon Separation of Employment; and (8)  
22 Failure to Provide Accurate and Itemized Wage Statements ("PAGA Released  
23 Claims"). The PAGA Released Claims only cover the time period of August 24,  
24 2020, through August 15, 2022. (Settlement ¶ 70.)

25 7. The Court finds, for settlement purposes only, that the Class meets the  
26 requirements for certification under California Code of Civil Procedure § 382 in that: (1) the  
27 Settlement Classes are so numerous that joinder is impractical; (2) there are questions of law  
28 and fact that are common, or of general interest, to all Settlement Class Members, which

1 predominate over individual issues; (3) Plaintiff's claims are typical of the claims of the  
2 Settlement Class Members; (4) Plaintiff and Class Counsel will fairly and adequately protect  
3 the interests of the Settlement Class Members; and (5) a class action is superior to other  
4 available methods for the fair and efficient adjudication of the controversy.

5 8. The Court appoints, for settlement purposes only, Hilario Reyes Preciado, as  
6 Class Representative.

7 9. The Court appoints, for settlement purposes only, Moon & Yang, APC, as Class  
8 Counsel. The Court further preliminarily approves Class Counsel's ability to request attorneys'  
9 fees of up to one-third of the Total Settlement Amount (\$150,000.00), and costs not exceeding  
10 \$18,000.00.

11 10. The Court appoints Phoenix Settlement Administrators as the Settlement  
12 Administrator with reasonable administration costs of \$7,000.00 for the services referred to in  
13 the Settlement Agreement at ¶66.

14 11. The Court approves, as to form and content the Notice, attached hereto as  
15 **Exhibit A**. The Court finds on a preliminary basis that plan for distribution of the Notice to  
16 Settlement Class Members satisfies due process, provides the best notice practicable under the  
17 circumstances, and shall constitute due and sufficient notice to all persons entitled thereto.

18 12. The Notice shall be accompanied by the Exclusion Form attached hereto as  
19 **Exhibit B** that the class members may use. Any exclusion form shall be submitted to the  
20 settlement administrator rather than filed with the Court. Class members should not send  
21 copies of the exclusion form to Class Counsel. The Settlement Administrator shall file a  
22 declaration concurrently with the filing of any motion for final approval, authenticating a copy  
23 of every exclusion form received by the administrator.

24 13. The Notice shall be accompanied by the Objection Form attached hereto as  
25 **Exhibit C** that the class members may use. Any objection shall be submitted to the settlement  
26 administrator rather than filed with the Court. Class Members should not send copies of the  
27 objection form to Class Counsel. The Settlement Administrator shall file a declaration  
28 concurrently with the filing of any motion for final approval, authenticating a copy of every

objection form received by the administrator.

14. The Parties are ordered to carry out the Settlement Agreement according to the terms of the Settlement Agreement.

15. Any class member who does not request exclusion from the settlement may object to the Settlement Agreement.

16. Class Counsel is required to give notice to any objecting party of any continuance of the hearing of the motion for final approval.

17. The Class is not enjoined from filing any actions or administrative claims or proceedings pending the final hearing on the settlement, or for any other period.

18. The Court orders the following Implementation Schedule:

Defendant to provide Class List to the Settlement Administrator	Within 21 calendar days after the Preliminary Approval Order
Settlement Administrator to mail the Notice Packets by First Class Mail	Within 7 days of receipt of the class data base or as soon thereafter as it is able to do so
Response Deadline	45 days after mailing
Deadline to file Motion for Final Approval	December 26, 2023
Final Approval Hearing	January 22, 2024 8:30 AM

19. The Court further ORDERS that, pending further order of this Court, all proceedings in this lawsuit, except those contemplated herein and in the settlement, are stayed.

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1           20.     The Settlement Agreement and the settlement as a whole are preliminarily  
2 approved but are not an admission by Defendant of the validity of any claims in this class action,  
3 or of any wrongdoing by Defendant or of any violation of law. Neither the Settlement  
4 Agreement nor any related document shall be offered by either Party or received in evidence by  
5 either Party in any civil, criminal, or administrative action or proceeding other than such  
6 proceedings as may be necessary to consummate or enforce the Settlement Agreement. The  
7 aforementioned limitation shall apply only to the Parties in this action. The obligations set forth  
8 in the Settlement Agreement are deemed part of this Order.

9           **IT IS SO ORDERED.**

10  
11  
12     DATE:

*April 26, 2023*

  
Hon. Craig Riemer

Judge of the Riverside County Superior Court

# EXHIBIT A

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

|||||  
<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Name/Address Changes (if any):

**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	
<b>DO NOTHING AND RECEIVE SETTLEMENT PAYMENT</b>	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.
<b>REQUEST EXCLUSION</b>	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.
<b>OBJECT</b>	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: <<Workweeks>>

Your Estimated Individual Settlement Payment is: \$<<Est.SettlementAmt>>

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: <<PayPeriods>>

Your Estimated Individual PAGA Payment is: \$<<Est.PAGAPaymentAmt>>

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 \_\_\_\_\_, 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 (xxx) xxx-xxxx, 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 [redacted], 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 [redacted], 2023 at [redacted] 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 [redacted], 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. 7<sup>th</sup> 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 \_\_\_\_\_, 2023, at \_\_\_\_\_ a.m., in Department 1 of the Riverside County Superior Court located at 4050 Main Street, Riverside, CA 92501, before the Honorable Craig G. Riemer. 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](mailto: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: [WEBSITE URL]. The pleadings and other court records in the lawsuit are available online, free of charge, at [Settlement Administrator WEBSITE URL]. 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: (XXX) XXX-XXX. 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 [filing date]. 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.

# EXHIBIT B

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



<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Name/Address Changes (if any):

**REQUEST FOR EXCLUSION FORM**

*You are receiving this form because you may be entitled to receive money from a Class Action Settlement.*

*Use and return this form only if you wish to be excluded from the Class and do not wish to receive a settlement payment. If you exclude yourself from the Class by signing and returning this form, 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.*

*If you wish to remain in the Class and receive a settlement payment, you may disregard this form. You do not need to do anything, and you will receive a check by U.S. Mail.*

**To be valid, your Exclusion Request Form must be signed by you, and returned to the Settlement Administrator at the address, fax number, or email address provided below and be postmarked or have a transmission date on or before \_\_\_\_\_, 2023.**

**I HEREBY CONFIRM THAT I HAVE RECEIVED NOTICE OF THE PROPOSED SETTLEMENT IN THE *PRECIADO v KIP INCORPORATED* ACTION AND WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS. I UNDERSTAND THAT I WILL NOT RECEIVE A SETTLEMENT PAYMENT OR OTHER SETTLEMENT BENEFITS AND WILL NOT BE BOUND BY THE CLASS SETTLEMENT INCLUDING THE RELEASE OF CLASS CLAIMS. HOWEVER, I WILL STILL RECEIVE MY PAGA PAYMENT AND BE SUBJECT TO THE PAGA RELEASE AND OTHER SETTLEMENT TERMS APPLICABLE TO PAGA.**

**Dated:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**What is the Settlement Administrator's contact information?**

*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

# EXHIBIT C

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



<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Name/Address Changes (if any):

**OBJECTION FORM**

*You are receiving this form because you may be entitled to receive money from a Class Action Settlement.*

*Use and return this form only if you wish to object to the settlement. If your objection is rejected by the Court, you will receive your Individual Settlement Payment, you will be subject to the terms of the Settlement, and you will release claims as set forth in the Settlement and Notice. However, an oral objection may be made at the final approval hearing instead of submitting a written objection.*

**To be valid, your Objection Form must be signed by you ,and returned to the Settlement Administrator at the address, fax number, or email provided below and be postmarked or have a transmission date on or before \_\_\_\_\_, 2023.**

**I object to the settlement in *Preciado v. KIP Incorporated* because** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Dated:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**What is the Settlement Administrator's contact information?**

*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](mailto:info@phoenixclassaction.com)

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Objection Form

Questions? Please call the Settlement Administrator at 1-800-523-5773