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15	SUPERIOR COURT OF TH	E STATE OF CALIFORNIA		
16				
	COUNTY OF SAI	N BERNARDINO		
17				
18	DEVIN TEAGUE, individually, on a	Case No.: CIVSB2203408		
	representative basis, and on behalf of all	[Assigned to Hon. Judge David Cohn, Dept.		
19	others similarly situated;	S26 for all purposes]		
20		220 yo. p p osess		
21	Plaintiff,	CLASS ACTION AND PAGA		
	VS.	SETTLEMENT AGREEMENT AND		
22	HAPPY EXPRESS, INC., a California	RELEASE OF CLAIMS		
23	Corporation; and DOES 1 through 20,			
24	inclusive;			
		Complaint filed: 2/14/2022		
25	Defendants.			
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This Class Action Settlement Agreement and Release of Claims is entered into by and between Plaintiff Devin Teague, individually and on behalf of all others similarly situated, and on behalf of the State of California, and Defendants Happy Express, Inc. and Andrey Oganesyan and is approved by their respective counsel of record, subject to the terms and conditions hereof and the Court's approval.

A. <u>Definitions</u>

- 1. "Action" or "Lawsuit" means and refers to the case entitled *Devin Teague v*.

 Happy Express, Inc., et al., Superior Court of California, County of San Bernardino, Case No.

 CIVSB2203408.
- 2. "Administrator" means and refers to Phoenix Class Action Administration
 Solutions, the third-party class action settlement administrator agreed to by the Parties, that will
 provide the Notice to the Class Members and distribute the settlement amounts as described in
 this Agreement.
- 3. "Administration Costs" means the costs payable from the Settlement Amount to the Administrator for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, tax reporting, and deposit of the employee and employer share of payroll taxes, unclaimed property due diligence, reporting and remittance obligations, distributing the Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The Administration Costs shall be paid from the Settlement Amount, including, if necessary, any such costs in excess of the amount represented by the Administrator as being the maximum costs necessary to administer the Settlement.
- 4. "Aggrieved Employee(s)" means all current and former California resident truck drivers who performed services for Defendants in California and who were classified as independent contractors at any time during the PAGA Period.
- 5. "Agreement" or "Settlement Agreement" or "Settlement" shall mean this Class Action and PAGA Settlement Agreement and Release of Claims.
- 6. "Class" means all current and former California resident truck drivers who performed services for Defendants in California and who were classified as independent

contractors at any time during the Class Period.

- 7. "Class Member(s)" refers to individual members of the Class.
- 8. "Class Counsel" refers to Brian Mankin and Kristina Bui Carlson of Lauby, Mankin & Lauby LLP.
- 9. "Class Data" means a complete list that Defendants will diligently and in good faith compile from their records and provide to the Administrator on one spreadsheet which shall include, for each Class Member, the individual's full name; last known address; Social Security Number; total Weeks Worked during the PAGA Period and the Class Period.
- 10. "Class Period" is deemed to be any time during the period of February 14, 2018, through January 30, 2023.
 - 11. "Class Representative" or "Plaintiff" means and refers to Plaintiff Devin Teague.
- 12. "Complaint" refers to the operative class and PAGA representative action First Amended Complaint filed in the San Bernardino Superior Court on April 21, 2022.
- 13. "Court" (or "Judge") means the California Superior Court, County of San Bernardino.
 - 14. "Defendants" means and refers to Happy Express, Inc. and Andrey Oganesyan.
- 15. "Defendants' Counsel" or "Defense Counsel" means and refers to Landegger Verano & Davis ALC.
- 16. "Effective Date" means the latest of the following dates: (i) if no Class Member timely and properly intervenes, or files a motion to vacate the judgment approving the Settlement Agreement under Code of Civil Procedure § 663, then the date of the Court's Notice of Entry of Order regarding Final Approval of the Settlement; (ii) if a Class Member intervenes, or files a motion to vacate the judgment approving the Settlement Agreement, then sixty-one (61) calendar days following the date the Court enters an order granting Final Approval, assuming no appeal is filed; or (iii) if a timely appeal is filed, then the date of final resolution of that appeal or other collateral attack (including any requests for rehearing and/or petitions for *certiorari*), resulting in final judicial approval of the Settlement.

- 17. "Escalator Clause:" Defendants represent that there are approximately approximately 58 eligible Class Members as of December 1, 2022. The 58 approximate Class Members collectively worked a total of approximately 2,189 Workweeks through December 1, 2022. Defendants have represented that it has since changed its employment practice. In the event that the total Workweeks (as contained in the Class Data) exceed 2,189 by more than 20%, the Gross Settlement Amount will increase proportionally based on the number of workweeks worked by the Class Members above the 20% increase.
- 18. "Final Approval" refers to the order of the Court granting final approval of this Settlement Agreement and entering a judgment approving this Agreement on substantially the terms provided herein or as may be modified by subsequent agreement of the Parties.
- 19. "Individual Class Payment" refers to each Participating Class Members share of the Net Settlement Amount, as further discussed in Paragraph 48(c) below.
- 20. "Individual PAGA Payment" refers to each Aggrieved Employees share of the PAGA Penalties, as further discussed in Paragraph 48(c) below.
- 21. "Settlement Amount" is \$200,000.00, subject to the Escalator Clause and exclusive of Defendants' obligation to fund its share of payroll taxes, as further discussed in Paragraph 48(c) below.
- 22. "Net Settlement Amount" shall have the meaning ascribed to it in Paragraph 48(b) below.
- 23. "Notice" means the notice of proposed class settlement that will be sent to the Class Members and which will advise each Class Member of the settlement and his or her estimated Individual Class Payment and Individual PAGA Payment and will further advise of the setting of a Final Approval Hearing.
- 24. "Response Deadline" is 30 calendar days from the date the Notice is mailed to the Class Members.
- 25. "Objecting Class Member" means a Class Member, other than Plaintiff, who submits a valid and timely objection to the terms of this Agreement, pursuant to Paragraph 69(c) below.

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- 26. "PAGA Penalties" means the amount that the Parties have agreed to pay to the Labor and Workforce Development Agency ("LWDA") in connection with the California Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, et seq., "PAGA"), as well as the Individual PAGA payment allocated to each Aggrieved Employee.
- 27. "PAGA Period" is deemed to be any time during the period of February 14, 2021, through January 30, 2023.
- 28. "Participating Class Member" means any and all Class Members who are deemed to participate and receive an Individual Class Payment and do not opt-out by submitting timely valid Requests for Exclusion.
 - 29. "Parties" or "Settling Parties" mean Plaintiff and Defendants, collectively.
- 30. "Preliminary Approval Date" means the date the Court approves preliminarily the Settlement Agreement and enters the Preliminary Approval Order.
- 31. "Preliminary Approval Order" means the judicial Order to be entered by the Court, upon the application or motion of the Plaintiff, preliminarily approving this Settlement and providing for the issuance of the Notice Packet to the Class, an opportunity to opt out of the Settlement, an opportunity to submit timely objections to the Settlement, and setting a final approval hearing on the fairness of the terms of Settlement, including approval of attorneys' fees and costs. Provided that the motion is consistent with the terms herein, Defendants will not object to Plaintiff's motion for preliminary approval but will be provided with an opportunity to review and comment upon the motion before it is filed.
- "QSF" means the Qualified Settlement Fund set up by the Administrator for the 32. benefit of the Participating Class Members and Aggrieved Employees, and from which the settlement payments shall be made.
- "Released Class Claims" or "Class Claims" by the Participating Class Members 33. upon Final Approval of the Settlement will include all claims stated in the operative Complaint and those based upon the facts in the Complaint, including: (a) failure to pay minimum wages, (b) failure to pay for rest and recovery periods, (c) failure to reimburse business expenses, (d) failure to timely pay wages upon separation of employment, (e) failure to provide accurate

itemized wage statements, (f) unfair and unlawful competition, and (g) all other claims that reasonably could have arisen out of the allegations made and based on the facts alleged in the Complaint.

- 34. "Released PAGA Claims" or "PAGA Claims" means any and all PAGA claims that Plaintiff alleged against the Released Parties, on behalf of himself and the State of California, based on the facts stated in the Complaint in the Action and in the LWDA notice letter, including all PAGA claims seeking civil penalties premised upon: (a) willful misclassification, (b) failure to pay minimum wages, (c) failure to pay for rest and recovery periods, (d) failure to reimburse business expenses, (e) failure to timely pay wages each period, (f) failure to timely pay wages upon separation of employment, (g) failure to provide accurate itemized wage statements, and (h) all other claims for civil penalties recoverable under PAGA based on the facts or claims alleged in the Complaint. The time period governing the Released PAGA Claims shall be any time during the PAGA Period.
- 35. "Released Parties" means Defendants, and its parents, subsidiaries, directors, owners, shareholders, officers, agents, attorneys, servants, joint employers and employees, past and present, and each of them and anyone acting in concert with foregoing.
- 36. "Release" shall mean the release and discharge of the Released Class Claims by Plaintiff and all Participating Class Members and their assignees, and the Released PAGA Claims by Plaintiff and all aggrieved employees.
- 37. "Request for Exclusion" shall have the meaning ascribed to it in Paragraph 68(a) below.
- 38. "Service Payment" or "Service Award" means the amount approved by the Court to be paid to Class Representative in addition to his Individual Class Payment as a Participating Class Member and Individual PAGA Payment as an Aggrieved Employee.
- 39. "Work Weeks" or "Weeks Worked" in the context of a Class Member means any and all work weeks during the Class Period during which the Class Member worked at least one day for Defendants. Likewise, in the context of Aggrieved Employees, it means any and all weeks worked during the PAGA Period during which the Aggrieved Employee worked at least

one day for Defendants.

B. <u>General Terms</u>

- 40. On February 14, 2022, Plaintiff filed a class action and representative PAGA action complaint with the San Bernardino Superior Court. Then, on April 21, 2022, Plaintiff filed the operative First Amended Complaint against Defendant Happy Express, Inc., and Does 1 through 20, alleging class and representative PAGA claims, including: (1) failure to pay minimum wages, (2) failure to pay for rest and recovery periods, (3) failure to reimburse for business expenses, (4) failure to timely pay final wages, (5) failure to provide accurate itemized wage statements, (6) unfair and unlawful competition pursuant to California Business and Professions Code §§ 17200 et seq., and (7) (13) related claims under PAGA.
- 41. Defendants deny Plaintiff's claims and allegations and contends that the Action is not suitable for class certification.
- 42. The Class Representative believes he can proceed with the representative and class claims, that the Action is meritorious, and that class certification is appropriate.
- 43. The Parties have conducted a thorough investigation into the facts of the Action. This includes conducting an extensive exchange of informal discovery, including a sampling of payroll and timekeeping records for Class Members. Class Counsel is both knowledgeable about and has done extensive research with respect to the applicable law and potential defenses to the claims of the Class. Class Counsel has diligently pursued an investigation of the Class Members' claims against Defendants. Based on the foregoing data and on their own independent investigation and evaluation, Class Counsel is of the opinion that the settlement with Defendants for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class Members in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation, various defenses asserted by Defendants, and numerous potential appellate issues.
- 44. On August 16, 2022, Plaintiff and Defendants participated in a full-day mediation with Hon. Michael Marcus (Ret.), a well-respected mediator. However, the matter did not resolve at the conclusion of mediation. After months of extensive arms-length negotiations, the

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27 28 Parties reached a global settlement on December 1, 2022.

- 45. The Parties agree that neither the Parties' Settlement, this Agreement, nor the acts to be performed or judgment to be entered pursuant to the terms of the Settlement and Agreement, shall be construed as an admission by Defendants of any wrongdoing or violation of any statute or law or liability on the claims or allegations in the Action.
- 46. Stipulation for Class Certification. For settlement purposes only, Defendants will stipulate that the Class Members described herein who do not Request Exclusion from the Class may be conditionally certified as a Class. This stipulation to certification is in no way an admission that class action certification is proper and shall not be admissible in this or in any other action except for the sole purposes of enforcing this Agreement. Should, for whatever reason, the Court fail to issue Final Approval, the Parties' stipulation to class certification as part of the Settlement shall become null and void ab initio and shall have no bearing on, and shall not be admissible in connection with, the issue of whether certification would be appropriate in a non-settlement context. Defendants expressly reserves its rights and declares that it would continue to oppose class certification and the substantive merits of the case should the Court fail to issue Final Approval. Plaintiff expressly reserves his rights and declares that he will continue to pursue class certification and a trial should the Court fail to issue Final Approval.

C. **Terms of Settlement**

- 47. The financial terms of the Settlement are as follows:
- (a) Settlement Amount: The Parties agree to settle this Action for the Settlement Amount, subject to the Escalator Clause and Defendants' obligation to separately pay its share of payroll taxes on the wage portion of the Individual Class Payments, which is the maximum amount that will be paid by Defendants and includes Individual Class Payments, Class Counsel's Attorneys' Fees and Costs Award, the Service Payment to the Class Representative, Administration Costs, and PAGA Penalties.
- Net Settlement Amount: The "Net Settlement Amount" is defined as the (b) Settlement Amount less the Attorneys' Fees and Costs Award, the Service Payment to the Class Representative as awarded by the Court, the Administration Costs, and PAGA Penalties. If the

Court reduces the Attorneys' Fees and Costs Award, Service Award, or Administrator Costs, or either increases or decreases the amount allocated to the PAGA Penalties, the difference shall be placed in the Net Settlement Amount and allocated to the Class.

- (c) The Individual Class Payment for each Class Member will be calculated by the Administrator using the Class Data provided by Defendants as follows. Compensable workweeks will be all Weeks Worked by the Class Members during the Class Period. The dollars per compensable work week will be calculated by dividing the total Weeks Worked by Class Members into the Net Settlement Amount to determine a per work week value ("Workweek Value"). The Workweek Value will be multiplied by the number of Weeks Worked by a Participating Class Member during the Class Period to determine the distribution for a Participating Class Member. If there are any timely submitted Requests for Exclusion, the Administrator shall proportionately increase the Individual Class Payments for each Participating Class Member so that the amount distributed to Participating Class Members equals 100% of the Net Settlement Amount.
- (d) Allocation of Individual Class Payments: Because the Class Members performed contract services for Defendants as independent contractors, rather than as employees, and because Defendants fully dispute the allegations alleged herein, the Parties agree that the Individual Settlement Payments will be allocated and paid to the Participating Class Members as contract compensation, interest, and penalties from which no state or federal taxes will be withheld or deducted. Participating Class Members will be issued an IRS Form 1099 and will assume full responsibility and liability for the payment of taxes due, if any. The Parties make no representations about the tax consequences to the Individual Settlement Payments.
- (e) Service Payment to Class Representative: The amount, if any, awarded to the Class Representative as a Service Payment will be set by the Court in its discretion, not to exceed \$7,500, in exchange for the service that Plaintiff performed on behalf of the Class.

 Defendants agree not to oppose this request. The Service Payment to Plaintiff will be paid out of the Settlement Amount. The Class Representative will be issued an IRS Form 1099 in connection with this payment. Plaintiff shall be solely and legally responsible to pay all

applicable taxes on this payment. The Parties agree that any amount awarded as the Service Payment to Plaintiff less than the requested amount shall not be a basis for Class Counsel to void this Settlement Agreement. Should the Court approve a lesser amount for the Service Payment, the difference shall be added to the Net Settlement Amount to be distributed to the Participating Class Members.

- request by Class Counsel to the Court for an award of attorneys' fees of one-third of the Settlement Amount, plus reasonable litigation costs not to exceed \$20,000 ("Attorney's Fees and Cost Award"). Defendants agrees not to oppose any contention by Class Counsel that attorneys' fees should be based on the common fund theory. The Attorney's Fee and Cost Award shall be paid from the Settlement Amount, and, except for this award, Defendants shall have no further obligation to pay any attorneys' fees, costs, or expenses to Class Counsel. Should the Court approve a lesser amount than what is sought by Class Counsel, the difference shall be added to the Net Settlement Amount to be distributed to the Participating Class Members. Any Court order awarding less than the amount sought by Class Counsel shall not be grounds to rescind the Settlement Agreement or otherwise void the Settlement. The Administrator shall issue to Class Counsel an IRS Form 1099 reflecting the amount of attorneys' fees and costs awarded by the Court.
- (g) <u>Administration Costs</u>: The fees and other charges of the Administrator will be paid from the Settlement Amount, not to exceed \$6,000, unless (1) the Escalator Clause is triggered (whereby any reasonable increase in Administration Costs shall be paid from the increased Settlement Amount, subject to Court approval), or (2) as otherwise approved by all Parties and the Court.
- (h) <u>PAGA Penalties</u>: The Parties agree that \$20,000 is allocated to PAGA Penalties, and is to be paid from the Settlement Amount, subject to Court approval. Of this amount, \$15,000 (75%) shall be paid to the LWDA in satisfaction of civil penalties under the Private Attorney General Act of 2004 ("PAGA") and \$5,000 (25%) will form the Individual PAGA Payments to the Aggrieved Employees, which shall be calculated and allocated pro-rata

- (i) Tax Liability: Class Counsel and Defendants make no representations as to the tax treatment or legal effect of settlement amounts called for hereunder, and Plaintiff and the Class Members are not relying on any statement or representation by Class Counsel or Defendants in this regard. Plaintiff, Participating Class Members, and Aggrieved Employees understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on their respective Individual Class Payments and Individual PAGA Payments, described herein. Forms 1099 will be distributed in the manner required by the Internal Revenue Code of 1986 (the "Code") and consistent with this Agreement. If the Code, the regulations promulgated thereunder, or other applicable tax law, is changed after the date of this Agreement, the processes set forth in this Section may be modified in a manner to bring Defendants into compliance with any such changes. Plaintiff, Participating Class Members, and Aggrieved Employees understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on their respective payments described herein.
- (j) CIRCULAR 230 DISCLAIMER. EACH PARTY TO THIS
 AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY"
 AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING
 PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO
 PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR
 DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND
 OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH
 COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE
 RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES
 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE
 ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS
 OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX

1	ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO
2	THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY
3	OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT
4	ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY
5	ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY
6	THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
7	ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION
8	THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR
9	ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS
10	LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF
11	THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING
12	ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.
13	(k) <u>"Non-Reversionary" Settlement</u> . This is a "non-reversionary" settlement
14	Under no circumstances will any portion of the Settlement Amount revert to Defendants.
15	Participating Class Members and Aggrieved Employees will not have to make a claim in order
16	receive an Individual Class Payment or Individual PAGA Payment. Distributions, in the form

- Under no circumstances will any portion of the Settlement Amount revert to Defendants.

 Participating Class Members and Aggrieved Employees will not have to make a claim in order to receive an Individual Class Payment or Individual PAGA Payment. Distributions, in the form of Individual Class Payment or Individual PAGA Payments will be made directly to each Participating Class Member and Aggrieved Employee. The Administrator shall be responsible for accurately and timely reporting and remittance obligations with respect to unclaimed funds as a result of a Participating Class Member and/or Aggrieved Employee not cashing any checks delivered pursuant to the Settlement by the check cashing deadline, as set forth herein.
- (l) Class Counsel and Plaintiff believe that the Settlement is fair and reasonable and will so represent same to the Court.

D. Release by the Participating Class Members

48. Upon entry of the Final Approval Order and Defendants funding of the Settlement Amount, and except as to such rights or claims as may be created by this Agreement, Plaintiff and the Participating Class Members will forever completely release and discharge the Released Parties from the Released Class Claims for the Class Period.

- 49. Each Participating Class Member will be deemed to have made the foregoing Release as if by manually signing it.
- 50. Class Representative, on behalf of himself and the Class, acknowledges and agrees that the claims for unpaid wages and untimely payment of wages in the Action are disputed, and that the payments set forth herein constitute payment of all sums allegedly due to them. Class Representative, on behalf of himself and the Class, acknowledges and agrees that Labor Code § 206.5 is not applicable to the Parties or Settlement. Labor Code § 206.5 provides in pertinent part as follows: "An employer shall not require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made."

E. Release of PAGA Claims

- 51. Upon entry of the Final Approval Order and Defendants' funding of the Settlement Amount, Plaintiff in his individual capacity and on behalf of the State of California and LWDA shall completely release and discharge the Released Parties from the Released PAGA Claims for the PAGA Period.
- 52. Regardless of submitting a valid Request for Exclusion, neither Plaintiff nor any Aggrieved Employee shall have the right to opt-out or otherwise exclude themselves from releasing the Released PAGA Claims.
- 53. It is the intent of the Parties that the Final Approval Order shall have full equitable and collateral estoppel and res judicata effect to the fullest extent permitted by law.

F. Release by Plaintiff and Class Representative

54. Class Representative does hereby, for himself and his spouses, heirs, successors, beneficiaries, devisees, legatees, executors, administrators, trustees, conservators, guardians, personal representatives, and assigns forever and completely release and discharge the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses (including back wages, statutory penalties, civil penalties, liquidated damages, exemplary damages, interest, attorneys' fees, and costs) of any nature whatsoever,

from the beginning of time through the execution of this Stipulation, whether known or unknown, suspected or unsuspected, including but not limited to all claims arising out of, based upon, or relating to Class Representative's employment with Defendants or the remuneration for or termination of such employment (the "Class Representative's Claims").

- 55. Without limiting the generality of the foregoing, this general release by Plaintiff includes all federal, state and local statutory claims, federal and state common law claims (including but not limited to those for contract, tort and equity), including without limitation the Americans with Disabilities Act, Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964 (as amended), 42 USC sec. 1981, 42 USC sec. 1983, the Fair Labor Standards Act, the Employment Retirement Security Income Act of 1974, the California Constitution, the California Fair Employment and Housing Act, the California Unfair Competition Act (California Business and Professions Code section 17200 et seq.), and the California Labor Code.
- 56. Plaintiff agrees that there is a risk that any injury that he may have suffered by reason of the Released Parties' relationship with him might not now be known, and there is a further risk that said injuries, whether known or unknown at the date of this Settlement Agreement, might possibly become progressively worse, and that as a result thereof further damages may be sustained. Nevertheless, Plaintiff agrees to forever and fully release and discharge the Released Parties, and understands that by the execution of this Settlement Agreement no further claims for any such injuries that existed at the time of the execution of this Settlement Agreement may ever be asserted by Plaintiff with respect to claims arising in the time period from the beginning of time to the execution of this Settlement Agreement.
- 57. Plaintiff expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California and does so understanding and acknowledging the significance of the waiver of Section 1542. Section 1542 of the Civil Code of the State of California states:

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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.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all parties, Class Representative expressly acknowledges that this Settlement Agreement is intended to include in its effect, without limitation, all claims that Class Representative knew of, as well as all claims that he does not know or suspect to exist in her favor against the Released Parties, or any of them, for the time period from the beginning of time to the execution of this Settlement Agreement, and that this Settlement Agreement contemplates the extinguishment of any such Class Representative's Claims. Notwithstanding the above, the general release by Class Representative shall not extend to claims for workers' compensation benefits (including Workers Comp. Case ADJ 11781204), claims for unemployment benefits, or other claims that may not be released by law.

G. <u>Interim Stay of Proceedings</u>

58. Pending completion of all of the prerequisites necessary to effectuate this Settlement, the Parties agree, subject to Court approval, to a stay of all proceedings in the Action except such as is necessary to effectuate the Settlement.

H. Notice Process

Administrator to perform the duties of a settlement administrator, including mailing the Notice, using standard devices to obtain forwarding addresses, independently reviewing and verifying documentation associated with any claims or opt-out requests, resolving any disputes regarding the calculation or application of the formula for determining the Individual Class Payment and Individual PAGA Payments, drafting and mailing the settlement checks to Participating Class Members and Aggrieved Employees, issuing all necessary tax forms, and performing such other tasks as set forth herein or as the Parties mutually agree or that the Court orders.

- administration of the Settlement by the Administrator (except for disputes regarding Class Data) shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Agreement, until Plaintiff and Defendants notify the Court that all payments and obligations contemplated by this Agreement have been fully carried out. Prior to presenting any issue to the Court, counsel for the Parties will confer in good faith to resolve the dispute without the necessity of Court intervention. The Administrator shall also be responsible for issuing to Plaintiff, Participating Class Members, and Aggrieved Employees, and Class Counsel any Tax Forms as may be required by law for all amounts paid pursuant to this Agreement.
- Order, Defendants shall provide the Class Data to the Administrator. The Administrator will run a check of the Class Members' addresses against those on file with the U.S. Postal Service's National Change of Address List. The Class Data provided to the Administrator will remain confidential and will not be used or disclosed to anyone, except as required by applicable tax authorities, pursuant to Defendants' express written consent, or by order of the Court. Although Class Counsel will not be provided with the list of Class Data, nothing herein shall prevent Class Counsel from communicating with Class Members regarding the Action and Settlement.
- 62. Total Workweeks. At least 5 days prior to mailing the Notice, the Administrator shall provide a spreadsheet to Class Counsel and Defense Counsel containing a preliminary calculation of all payments to be paid from the Settlement Amount, including the estimated Individual Class Payments to each Class Member and Individual PAGA Payments to each Aggrieved Employee (a person's name shall be redacted and a control number used in place of the name). In the event that the total Workweeks worked by all Class Members triggers the Escalator Clause, the Administrator shall notify the Parties of the increased Settlement Amount, and related increased payments from the Settlement Amount, including increased Attorneys' Fees and Costs and any increased Administration Costs, all of which shall be subject to Court approval.

- 63. <u>Notice</u>. The Notice, as approved by the Court, shall be sent by the Administrator to the Class Members, by first class mail, in English, within ten (10) calendar days following the Administrator's receipt of the Class Data. The Administrator shall use standard devices, including a skip trace, to obtain forwarding addresses of Class Members if any envelopes are returned.
- 64. Returned Notices. The Administrator will take steps to ensure that the Notice is received by all Class Members, including utilization of the National Change of Address Database maintained by the United States Postal Service to review the accuracy of and, if possible, update a mailing address. Notices will be re-mailed to any Class Member for whom an updated address is located within ten (10) calendar days following both the Administrator learning of the failed mailing and its receipt of the updated address. The Notice shall be identical to the original Notice, except that it shall notify the Class Member that the exclusion (opt-out) request or objection must be returned by the later of the Response Deadline or fifteen (15) days after the remailing of the Notice.
- 65. <u>Presumption Regarding Receipt of Notices</u>. It will be conclusively presumed that if an envelope has not been returned to Administrator by the Response Deadline that the Class Member received the Notice.
- 66. Disputes Regarding Class Data. Class Members are deemed to participate in the Settlement unless they opt-out, and Aggrieved Employees may not opt out of the Released PAGA Claims. The Notice will inform Class Members of his/her estimated Individual Class Payment and Individual PAGA Payment, as well as the number of Workweeks he/she worked during the Class Period and the PAGA Period. Class Members may dispute their Weeks Worked if they feel they should be credited with more Weeks Worked in the Class Period and/or PAGA Period in California than Defendants' records show by timely submitting evidence to the Administrator. Defendants' records will be presumed determinative absent reliable evidence to rebut Defendants' records, but the Administrator will evaluate the evidence submitted by the Class Member and provide the evidence submitted to Class Counsel and Defense Counsel who agree to meet and confer in good faith about the evidence to determine the Class Member's

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actual number of Work Weeks and estimated Individual Class Payment and Individual PAGA Payment. If Class Counsel and Defense Counsel are unable to agree, they agree to submit the dispute to the Court to render a final decision. Class Members and Aggrieved Employees will have until the Response Deadline to dispute Weeks Worked, object or opt out, unless extended by the Court.

- 67. Declaration of Due Diligence. The Administrator shall provide counsel for the Parties, at least twenty-five (25) days prior to the final approval hearing, a declaration of due diligence and proof of mailing with regard to the mailing of the Notice.
- 68. Class Members' Rights. Each Class Member will be fully advised of the Settlement, the ability to object to the settlement, and the ability to opt-out or request exclusion from the Class Claims portion of the Settlement. The Notice will inform the Class Members of the Court-established deadlines for filing objections or requesting exclusion from the Settlement in accordance with the following guidelines:
- (a) Requests for Exclusion from Class. Any Class Member, other than Plaintiff, may request to be excluded from the Class by submitting a "Request for Exclusion" to the Settlement Administrator, postmarked on or before the Notice Response Deadline. The Request for Exclusion should state:

"I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE HAPPY EXPRESS LAWSUIT. UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OF THIS LAWSUIT."

To be valid, any Request for Exclusion must include the full name, address, telephone number, last four digits of the social security number or date of birth, and signature of the Class Member requesting exclusion. The Request for Exclusion must be returned by mail to the Settlement Administrator at the specified address. Any such Request must be made in accordance with the terms set forth in the Notice. A Request for Exclusion will be timely only if

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Penalties, and such requests for exclusion shall be deemed void and defective.

- (b) <u>Binding Effect on Participating Class Members</u>. All Participating Class Members will: (i) be bound by the terms and conditions of this Agreement, the Judgment, and the releases set forth herein; and (ii) except as otherwise provided herein, will be deemed to have waived all objections and oppositions to the fairness, reasonableness, and adequacy of the Settlement.
- (c) Objections to Settlement. Any Class Member, other than Plaintiff, who does not submit a valid and timely Request for Exclusion may object to the terms of this Agreement by completing the Objection Form provided within the Notice Packet. To object, the Class Member must mail the Objection Form to the Administrator, postmarked by the Response Deadline in order to be timely, unless the Parties otherwise agree in writing. Additionally, any objection must be made in accordance with the terms set forth in the Notice Packet. The Administrator shall provide any objections to Class Counsel and Defense Counsel within three (3) days of receipt, and the Administrator shall attach the same to its declaration of due diligence and file with the Court prior to the Final Approval Hearing. Any Participating Class Member who files an objection remains eligible to receive an Individual Class Payment. Plaintiff and Defendants shall not be responsible for any fees, costs, or expenses incurred by any Class Member and/or his or her counsel related to any objections to the Settlement. Submitting an objection does not preserve the right to appeal a final judgment. Rather, the right to appeal is preserved by becoming a party of record by timely and properly intervening or filing a motion to vacate the judgment under Code of Civil Procedure § 663.

- (d) <u>Failure to Object</u>. Any Class Member who does not timely and properly become a party of record by intervening or filing a motion to vacate the judgment waives any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, motion for new trial, a motion under California Code of Civil Procedure section 473, and extraordinary writs.
- (e) <u>Responses to Objections</u>. Counsel for the Parties may file a response to any objections submitted by an Objecting Class Member at least five (5) court days before the date of the Final Approval Hearing.
- (f) Class Members will have until the Response Deadline to object or submit a Request for Exclusion to the Administrator by U.S. Mail. The Administrator shall disclose jointly to Class Counsel and Defense Counsel what objections or Requests for Exclusion were timely submitted on a weekly basis, and upon the request of Class Counsel or Defense Counsel.
- 69. <u>Funding of the Settlement Amount</u>. Defendants shall deposit the Settlement Amount, plus Defendants' share of payroll taxes owed on Individual Class Payments, with the Administrator as follows:
 - (a) By the later of October 1, 2023, or 10 days after the Effective Date, Defendants shall fund 50% of the Settlement Amount, which shall be distributed in a manner that compensates Plaintiff, the Participating Class Members, the Aggrieved Employees, the LWDA, Class Counsel [for fees and costs], and the Settlement Administrator for 50% of the Court-awarded amounts; and
 - (b) By June 1, 2024, Defendants shall fund the remaining 50% balance of the Settlement Amount, and which will be distributed in a manner that compensates Plaintiff, the Participating Class Members, the Aggrieved Employees, the LWDA, Class Counsel [for fees and costs], and the Settlement Administrator for all remaining Court-awarded amounts.
- 70. <u>Distribution of Funds</u>. No later than ten (10) calendar days after the deposit of the Settlement Amount by Defendants, the Administrator shall mail the Individual Class Payments to the Participating Class Members, the Individual PAGA Payments to the Aggrieved

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Employees, the payment to Class Counsel for the Attorneys' Fees and Costs Award, any Service Payment to the Class Representative, the payment to the LWDA for PAGA Penalties, and will pay itself the Administration Costs.

- 71. Deadline for Cashing Settlement Checks. Participating Class Members and Aggrieved Employees shall have 180 calendar days after mailing by the Administrator to cash their settlement checks. The release will be binding upon all Participating Class Members who do not cash their checks within the 180-day period. In the event that any settlement check is returned to the Administrator within 180 days of mailing, the Administrator will, within five (5) business days of receipt of the returned settlement check, perform a skip trace to locate the individual, and notify Defense Counsel and Class Counsel of the results. If a new address is located by these means, the Administrator will have ten (10) business days to re-issue the check. Neither Defendants, Defense Counsel, Class Counsel, Plaintiff, nor the Administrator will have any liability for lost or stolen settlement checks, forged signatures on settlement checks, or unauthorized negotiation of settlement checks. Without limiting the foregoing, in the event a Participating Class Member and/or Aggrieved Employee notifies the Administrator that he or she believes that a settlement check has been lost or stolen, the Administrator shall immediately stop payment on such check. If the check in question has not been negotiated prior to the stop payment order, the Administrator will issue a replacement check.
- (a) If any Participating Class Member's check is not cashed within the time periods noted above, the check will be void and a stop-payment will be issued, and the Administrator shall issue the unclaimed funds to the California State Controller's Office in the name of the Class Member.
- (b) If any Aggrieved Employee's check is not cashed within the time periods noted above, the check will be void and a stop-payment will be issued, and the Administrator shall issue the unclaimed funds to the California State Controller's Office in the name of the Aggrieved Employee.

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Request for Exclusion, Defendants have the right in their sole and exclusive discretion to

terminate and withdraw from the Settlement at any time prior to the date the Court enters final approval of the Settlement. Defendants will not encourage or in any way influence Class Members to submit a Request for Exclusion.

- 76. If the Settlement is voided or fails for any reason, Plaintiff and Defendants will have no further obligations under the Settlement, including any obligation by Defendants to pay the Settlement Amount, or any amounts that otherwise would have been owed under this Settlement.
- 77. If the Settlement is voided or fails for any reason, any costs incurred by the Administrator shall be borne equally by Defendants and Plaintiff, unless otherwise specified in this Agreement.

L. Other Terms

- 78. <u>Waiver</u>. The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.
- 79. <u>Parties' Authority</u>. The signatories hereto represent that they are fully authorized to enter into this Agreement and bind the Parties hereto to the terms and conditions hereof.
- 80. Mutual Full Cooperation. The Parties agree to fully cooperate with each other to accomplish the terms of this Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Agreement and the terms set forth herein. As soon as practicable after execution of this Agreement, Class Counsel shall, with the assistance and cooperation of Defendants and Defense Counsel, take all necessary steps to secure the Court's preliminary and final approval of the settlement, and the final entry of judgment.
- 81. <u>No Prior Assignments</u>. The Parties hereto represent, covenant, and warrant that they have not, directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights released and discharged by this Agreement.

- 82. No Admission. Defendants denies any and all liability to Plaintiff and/or any Class Member and/or Aggrieved Employee in this Action, as to any and all causes of action that were asserted or that might have been asserted in this Action. Nonetheless, Defendants wishes to settle and compromise the matters at issue in the Complaint to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendants has taken into account the uncertainty and risks inherent in litigation, and without conceding any infirmity in the defenses that it has asserted or could assert against Plaintiff, have determined that it is desirable and beneficial that Plaintiff' claims be settled in the manner and upon the terms and conditions set forth in this Agreement.
- Order, nothing contained herein, nor the consummation of this Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendants or any of the other Released Parties. Each of the Parties hereto has entered into this Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This Agreement is a settlement document, and it, along with all related documents such as the notices, and motions for preliminary and final approval, shall, pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible in evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Agreement. The stipulation for class certification as part of this Agreement is for settlement purposes only and if, for any reason the settlement is not approved, the stipulation will be of no force or effect.
- 84. No Publicity. The Parties will not publicize the Settlement or disclose it to third parties prior to the Court granting Preliminary Approval, except as required or necessary to effectuate its terms and comply with law. After the Final Approval Date, Class Counsel and Class Representative agree that they will not discuss the Settlement with the media, any settlement and verdict reporting service, any social media postings or other Internet postings. Nothing herein shall be construed to prevent Class Counsel from the public filing of motions or other case materials in the Action related to seeking and obtaining Court approval of this

Settlement and the related awards of attorneys' fees and costs, or to communications with Class
Members or their representatives about this Settlement, including through the posting of Court-
filed documents on Class Counsel's websites for access solely by the Class Members, or to
prevent the Parties or their representatives from communicating with financial or legal advisors
regarding the Settlement. In response to any media inquiry, Class Counsel may state only that
the Action has been settled on terms mutually agreeable to the Parties.

85. <u>Notices</u>. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested, addressed:

To the Class:

Brian J. Mankin brian@lmlfirm.com
Lauby, Mankin & Lauby LLP
5198 Arlington Ave, PMB 513
Riverside, CA 92504
Tel: (951) 320-1444 | Fax: (951) 320-1445

To Defendants:

Roxana Verano, Esq. roxana@landeggeresq.com LANDEGGER VERANO & DAVIS ALC 15760 Ventura Blvd., #1200 Encino, CA 91436 Tel: 818-986-7561 | Fax: 818-986-5147

86. <u>Construction</u>. The Parties hereto agree that the terms and conditions of this Agreement are the result of lengthy, intensive arms' length negotiations between the Parties and that this Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his or its counsel participated in the drafting of this Agreement. Plaintiff and Defendants expressly waive the common-law and statutory rule of construction that ambiguities should be construed against the drafter of an agreement and further agree, covenant, and represent that the language in all parts of this Agreement shall be in all cases construed as a

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whole, according to its fair meaning.

- 87. <u>Captions and Interpretations</u>. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or any provision hereof. Each term of this Agreement is contractual and not merely a recital.
- 88. <u>Modification</u>. This Agreement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.
- 89. <u>Dispute Resolution</u>. Prior to instituting legal action to enforce the provisions of this Agreement or to declare rights and/or obligations under this Agreement, a Party shall provide written notice to the other Party and allow an opportunity to cure the alleged deficiencies, and Plaintiff and Defendants may agree to seek the help of the Mediator to resolve any dispute they are unable to resolve informally. During this period, the Parties shall bear their own attorneys' fees and costs. This provision shall not apply to any legal action or other proceeding instituted by any person or entity other than Plaintiff or Defendants.
- 90. <u>Choice of Law</u>. This Settlement Agreement shall be governed by and construed, enforced and administered in accordance with the laws of the State of California, without regard to its conflicts-of-law rules.
- 91. <u>Integration Clause</u>. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.
- 92. <u>Binding On Assigns</u>. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

1	APPROVED AS TO FORM:	
2	Dated: April <u>21</u> , 2023	CLASS COUNSEL
3		LAUBY, MANKIN & LAUBY LLP
4		Toy Mant
5		Brian J. Mankin
6		Attorneys for Plaintiff
7	May 8	DEFENCE COUNCEL
8	Dated: April, 2023	DEFENSE COUNSEL LANDEGGER VERANO & DAVIS ALC
9		\mathcal{D}_{0}
10		Modern Francisco
11		Roxana Verano, Esq. Attorneys for Defendants
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