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8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

11 DELMY PORTILLO DE HERNANDEZ,
12 individually, as a private attorney general,

13 Plaintiff,

14 vs.

15 QUADRTECH CORPORATION, a
16 California Corporation; and DOES 1 through
17 50, inclusive,

18 Defendants.

Case No.: 21STCV06572

*Assigned for All Purposes to: Hon. Malcolm
Mackey, Dept. 55*

**DECLARATION OF CODY PAYNE IN
SUPPORT OF MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT**

Hearing Date: July 24, 2023
Hearing Time: 8:30 a.m.
Dept: 55

Complaint Filed: February 18, 2021
Trial Date: May 22, 2023

RESID: 493444829434

1 **DECLARATION OF CODY PAYNE**

2 I, Cody Payne, declare as follows:

3 1. I am an attorney duly admitted to the Bar of the State of California and all United
4 States District Courts in the State of California. I am a partner with Payne Nguyen, LLP, counsel
5 of record for Plaintiff Delmy Portillo de Hernandez (“Plaintiff”). I have personal knowledge of
6 the facts stated herein and if called as a witness I could and would competently testify thereto.

7 2. I have worked as an employment litigation attorney for approximately six years.
8 Of that time, the majority of my practice consists of litigating wage-and-hour claims, including
9 representative and class claims. Therefore, I am experienced in analyzing, litigating, and resolving
10 wage-and-hour claims, including claims for civil penalties under PAGA.

11 **CLASS COUNSEL’S BACKGROUND AND EXPERIENCE**

12 3. I am a duly licensed attorney and have been a member of the California State Bar
13 and Nevada State Bar since 2012. I graduated from the University of San Diego School of Law
14 in 2011 and I am licensed to practice before all courts of the State of California.

15 4. Prior to opening my law firm, I developed particular experience working almost
16 exclusively in class actions, representative actions, and multi-district litigations throughout
17 California and the United States focusing on product liability and subsequently wage and hour
18 violations.

19 5. I developed particular experience in the area of wage and hour litigation. For
20 instance, between 2015 and 2017, and again between 2018 and 2020 as Of Counsel, I joined the
21 law firm of Protection Law Group, LLP, a plaintiff law firm specifically devoted to the
22 representation of employees against employers in California involving claims relating to
23 violations of the California Labor Code.

24 6. During my employment with Protection Law Group, LLP, I continued my practice
25 of representative actions and began to focus on employment law and was responsible for dozens
26 of complex class actions involving representative and class actions brought under the California
27 Labor Code, including meal and rest break violations, overtime, minimum wage claims, off the
28 clock work and other related wage claims. My practice included the management of class actions

1 and PAGA actions. My management of these cases included taking and defending depositions
2 and interviews of hundreds of putative class members as well as extensive briefing on wage and
3 hour issues involving class actions and PAGA actions.

4 7. During my employment at Protection Law Group, LLP, I played a significant role
5 in the class actions and PAGA actions for which I was responsible. In particular, I was often
6 involved in the strategy of the cases and drafting all of the briefs. I received a wide-array of wage
7 and hour class action experience performing the following types of tasks: drafting oppositions to
8 demurrers; oppositions to motions to strike and/or dismiss/demurrer; oppositions to removing
9 actions from state court to federal court; drafting remands from federal court to state court;
10 drafting and responding to written discovery; drafting and opposing discovery related motions;
11 arguing discovery related motions; drafting motions to consolidate related matters; interviewing
12 hundreds of putative class members and obtaining declarations in connection with class
13 certification; drafting motions for class certification; conducting exposure analyses to assess the
14 strengths and weaknesses of asserted claims, the likelihood of prevailing at class certification and
15 potential damages resulting from such claims; drafting mediation briefs; deposing corporate
16 Person Most Qualified, Senior Management, and percipient witnesses; deposing and defending
17 retained expert witnesses; and defending the depositions of Plaintiff and putative class members.
18 In short, I played an integral role in all aspects of litigation from the inception of a matter through
19 and beyond class certification.

20 8. During my practice and continuing today, I have been primarily devoted to
21 working in employment law and on complex class action and representative litigation and multi-
22 plaintiff work.

23 9. Payne Nguyen, LLP is a law firm specifically devoted to the representation of
24 employees against employers in California involving claims relating to violations of the
25 California Labor Code, including claims for failure to pay all wages owed, failure to pay overtime
26 premiums, failure to pay meal and rest premiums and failure to provide accurate wage records.
27 The practice of employment law is a very specific, narrow field which requires diligence in an
28 ever-evolving field of substantive and procedural law.

1 10. Although not exhaustive, below is a representative list of several of the wage and
2 hour class actions that I performed substantial work on while I was an attorney with Protection
3 Law Group, LLP, including, but not limited to:

- 4 • *Kesheshian, et al v. S. Cal. Logistics*, BC557981 (Los Angeles Superior Court wage
5 and hour class action appointing Protection Law Group, LLP as class counsel in
6 settlement);
- 7 • *Sampson v. 24 HR Homecare LLC*, BC586019 (Los Angeles County Superior Court
8 wage and hour class action appointing Protection Law Group, LLP as class counsel in
9 settlement);
- 10 • *Torres v. Auto Rescue et al.*, RIC 1509900 (Riverside County Superior Court wage and
11 hour class action appointing Protection Law Group, LLP as class counsel in
12 settlement);
- 13 • *Kashanian v. Plus Labs, Inc.*, 16CV294231 (Santa Clara County Superior Court wage
14 and hour class action appointing Protection Law Group, LLP as class counsel in
15 settlement);
- 16 • *Cadena v. Tetra Property Management*, 257425 (Tulare County Superior Court wage
17 and hour class action appointing Protection Law Group, LLP as class counsel in
18 settlement);
- 19 • *Drayton v. Hollywood Park Casino*, BC593935 (Los Angeles Superior Court wage and
20 hour class action appointing Protection Law Group, LLP as class counsel in
21 settlement);
- 22 • *Holzer v. Wedbush Securities, Inc.*, BC 550462 (Los Angeles Superior Court wage and
23 hour class action certifying class and appointing Protection Law Group, LLP as class
24 counsel);
- 25 • *Byrd v. Masonite Corp.*, 5:16-cv-00035-JGBKK (United States District Court, Central
26 District of California appointing Protection Law Group, LLP as class counsel in
27 settlement);

- 1 • *Hadrick v. Woodmont Real Estate Serv., et al.*, CIV 530405 (San Mateo County
2 Superior Court wage and hour class action appointing Protection Law Group, LLP as
3 class counsel in settlement);
- 4 • *Stone v. Universal Protection Services*, AAA Case No. 01-15-0002-7497 (American
5 Arbitration Association wage and hour class action appointing Protection Law Group,
6 LLP as class counsel in settlement); and
- 7 • *Commick v. Prometheus Real Estate Group, Inc.*, CIV531264 (San Mateo Superior
8 Court wage and hour class action appointing Protection Law Group, LLP as class
9 counsel in settlement).

10 11. I have served as class counsel in wage and hour class and/or representative actions
11 seeking wages and penalties owed on behalf of employees for which preliminary and/or final
12 approval of the settlement or class certification has been granted, including, but not limited to the
13 following:

- 14 • *Gomez v. Fairway Staffing Services, Inc.*, BC689771 (Los Angeles Superior Court
15 wage and hour class action appointing, in part, Cody Payne, Esq., as class counsel in
16 settlement);
- 17 • *Gonzalez v. Queens Land Builder, Inc., et al.*, BC685765 (Los Angeles Superior Court
18 wage and hour class action appointing, in part, Cody Payne, Esq., as class counsel in
19 settlement);
- 20 • *Hansen v. General Electric International Inc., et al.*, BC713269 (Los Angeles Superior
21 Court wage and hour class action appointing, in part, Cody Payne, Esq. as class counsel
22 in settlement);
- 23 • *Nunez v. Creative Dry Process, Inc.*, 20STCV15787 (Los Angeles Superior Court wage
24 and hour class action appointing Payne Nguyen, LLP as class counsel in settlement);
- 25 • *Torres v. California Rice Center, Inc.*, 20STCV18638 (Los Angeles Superior Court
26 wage and hour class action appointing Payne Nguyen, LLP as class counsel in
27 settlement);

- 1 • *Olivares v. Sarko Construction, Inc.*, 20STCV19958 (Los Angeles Superior Court
2 wage and hour class action appointing Payne Nguyen, LLP as class counsel in
3 settlement);
- 4 • *Pimentel v. IBH Rome, LLC*, 21STCV01656 (Los Angeles Superior Court wage and
5 hour class action appointing Payne Nguyen, LLP as class counsel in settlement)
- 6 • *Castellanos v. Devil Mountain Wholesale Nursery, Inc.*, MSC20-02078 (Contra Costa
7 Superior Court wage and hour class action appointing Payne Nguyen, LLP as class
8 counsel in settlement);
- 9 • *Guardado v. Multi-Pak Corporation, et al.*, 20STCV45681 (Los Angeles Superior
10 Court wage and hour class action appointing Payne Nguyen, LLP as class counsel in
11 settlement); and
- 12 • *Schulte v. Cortez Growers Association*, 22CV-00313 (Merced Superior Court wage
13 and hour class action appointing Payne Nguyen, LLP as class counsel in settlement).

14 12. I am fully familiar with the legal and factual issues in this matter, and have specific
15 experience litigating complex wage and hour actions as class actions, including employment cases
16 as set forth above.

17 13. The Settlement presented here only resulted after having engaged in extensive
18 informal discovery and investigation and is the product of hard-fought litigation and extensive
19 arms' length negotiations. In my opinion as an experienced class counsel, the Settlement is fair,
20 reasonable, adequate, and in the best interests of the Class, Aggrieved Employees, and State of
21 California.

22 **PROCEDURAL HISTORY AND FACTUAL BACKGROUND**

23 14. Defendant Quadrtech Corporation (“Defendant” or “Quadrtech”) is a jewelry and
24 clothing accessory manufacturing company. Defendant employed Plaintiff to work as an hourly-
25 paid, non-exempt general laborer/manufacturing employee at Defendant’s location in Los
26 Angeles County, California from approximately June 2019 through approximately March 2020.

27 15. On November 11, 2020, Plaintiff provided notice to the LWDA and Defendant of
28 her intent to seek civil penalties under Labor Code § 2698, et seq. (“PAGA”). Attached hereto as

1 **Exhibit 1** is a true and correct copy of the PAGA Notice provided to the LWDA.

2 16. On February 18, 2021, after more than sixty-five (65) days since the mailing for
3 Plaintiff's PAGA Notice and the LWDA not having indicated that it intended to investigate the
4 violations discussed in the PAGA Notice, Plaintiff filed a complaint with the Los Angeles County
5 Superior Court (Case No. 21STCV06572) ("the Action") alleging individual causes of action for
6 wrongful termination, retaliation, unpaid overtime, unpaid minimum wages, unpaid rest period
7 premiums, unpaid meal period premiums, failure to provide accurate wage statements, final
8 wages not timely paid, failure to provide personnel records, violation of California Business &
9 Professions Code section 17200, et seq., and a representative cause of action pursuant to the
10 Private Attorneys General Act of 2004, Labor Code § 2698, et seq. ("PAGA").

11 17. Following the filing of the Action, Defendant filed a demurrer. After Plaintiff
12 successfully defeated Defendant's demurrer, Plaintiff and Defendant (collectively, "the Parties")
13 met and conferred with respect to a potential resolution of the Action and agreed to informally
14 stay formal discovery, exchange informal discovery, and engage in a private mediation with Gig
15 Kyriacou, Esq., a mediator with substantial experience handling wage and hour matters.

16 18. Pursuant to this agreement and in advance of mediation, Defendant provided my
17 office with extensive informal discovery including all relevant policies and handbooks in place
18 during the Class Period, Plaintiff's personnel file, a 20% sampling of time and payroll data for
19 the putative class, and figures and information regarding the class size and composition. The
20 randomly selected sampling included records for putative class members who were employed
21 throughout different time periods during the Class Period, that is representative of the Class. This
22 discovery and investigation allowed my office to perform a comprehensive damages analysis and
23 estimate Defendant's potential violations, liability, and exposure, including but not limited to,
24 analyzing time and pay data, considering potential meal period violations, potential rest period
25 violations, potential synthetic meal period recordings, unpaid meal and rest period premiums,
26 rounding, overtime, etc.

27 19. After extensive review of these documents, on September 22, 2022, the Parties
28 attended a full day meditation. At the mediation, the Parties engaged in intensive settlement

1 discussions during which they debated their respective positions and exchanged views regarding
2 the strengths and weaknesses of the alleged claims.

3 20. After a full day of mediation, and with the help of the mediator, the Parties were
4 able to reach an agreement to resolve the Action on a class and representative basis for a Gross
5 Settlement Amount of \$490,000 and shortly thereafter executed a memorandum of understanding
6 memorializing the key settlement terms.

7 21. Following mediation, the Parties utilized the Court's optional class action
8 settlement form and worked diligently to negotiate and memorialize the terms of a long form
9 settlement agreement. On April 19, 2023, after extensive discussions and revisions to the
10 agreement, the Parties entered into a fully executed Class Action and PAGA Settlement
11 Agreement.

12 22. On March 24, 2023, the Parties filed a stipulation to permit the filing of the First
13 Amended Complaint ("FAC") in the Action. On March 24, 2023, pursuant to the Parties'
14 stipulation, the Court entered an order permitting and ordering the filing of the FAC. On March
15 24, 2023, Plaintiff filed the FAC, which added class allegations seeking the recovery of the
16 alleged labor code violations.

17 23. Pursuant to California Labor Code § 2699(1)(2), a copy of the proposed Class
18 Action and PAGA Settlement Agreement, as well as information regarding the preliminary
19 approval hearing on this matter, were submitted to the California Labor Workforce Development
20 Agency via online filing at <https://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General-Act.html> on June 22, 2023.

22 SUMMARY OF THE TERMS OF SETTLEMENT

23 24. Plaintiff seeks preliminary approval of the proposed Class Action and PAGA
24 settlement. Attached hereto as **Exhibit 2** is a true and correct copy of the fully executed Class
25 Action and PAGA Settlement Agreement (hereinafter "Agreement" or "Settlement"), based upon
26 the Court's Model Class Action and PAGA Settlement Agreement and Class Notice. A true and
27 correct copy of the Class Notice is attached to the Agreement as **Exhibit A**.

28 25. Plaintiff seeks to provisionally certify the following class for settlement purposes:

1 “all persons classified as non-exempt hourly employees, including all temporary workers
2 employed through temp agencies, who currently or formerly performed work for Quadrtech in
3 California during the Class Period.” *See* Agreement ¶ 1.5. The Class Period and release of claims
4 covers the time period from March 22, 2018 to June 19, 2023 or the date of preliminary approval,
5 whichever occurs earlier. *See id.* ¶¶ 1.12, 6.2. It is estimated that there are approximately 324
6 Class Members. *See id.* ¶ 4.1.

7 26. The Parties have agreed that Aggrieved Employees shall be defined as: all persons
8 classified as non-exempt hourly employees, including all temporary workers employed through
9 temp agencies, who currently or formerly performed work for Quadrtech in California during the
10 PAGA Period. *See* Agreement ¶ 1.4. The PAGA Period and release of PAGA claims covers the
11 time period from November 11, 2029 to June 19, 2023 or the date of preliminary approval,
12 whichever occurs earlier. *See id.* ¶¶ 1.31, 5.3. It is estimated that there are approximately 315
13 Aggrieved Employees. *See id.* ¶ 4.1.

14 27. Subject to Court approval, the Parties have agreed to settle the Class and PAGA
15 claims at issue in the Action for a non-reversionary Gross Settlement Amount of \$490,000,
16 exclusive of any employer-side payroll taxes. *See* Agreement ¶¶ 1.22, 3.1.

17 28. The Gross Settlement Amount will initially be allocated as follows:

- 18 a. Class Counsel’s attorneys’ fees in an amount of one-third (1/3) of the Gross
19 Settlement Amount, amounting to \$163,333.33.
- 20 b. Class Counsel’s actual litigation costs and expenses, not to exceed
21 \$15,000.
- 22 c. Settlement administration costs performed by the Administrator, not to
23 exceed \$8,250.
- 24 d. A Class Representative Service Payment in the amount of \$7,500 and a
25 General Release Payment in the amount of \$10,000 to Plaintiff Portillo de
26 Hernandez.
- 27 e. PAGA Penalties of \$50,000, including the distribution of \$37,500 to the
28 LWDA, which constitutes 75% of the settlement amount allocated to the

1 PAGA claims, and \$12,500 to Aggrieved Employees.

2 See Agreement ¶¶ 3.1, 3.2.

3 29. After deducting these amounts from the Gross Settlement Amount, the Net
4 Settlement Amount of approximately \$235,916.67 shall be distributed to the Participating Class
5 Members. The Net Settlement Amount will be distributed and paid to Participating Class
6 Members on a *pro-rata* basis based on the number of weeks worked during the Class Period. See
7 Agreement ¶¶ 1.28, 3.2.4.

8 30. Payments to Participating Class Members shall be allocated as twenty percent
9 (20%) wages and eighty percent (80%) penalties and interest. See Agreement ¶ 3.2.4.1.

10 31. Defendant shall be responsible for all employer-side payroll taxes on the wage
11 portion of each settlement payment; employer-side payroll taxes shall be paid by Defendant
12 separately from and in addition to the Gross Settlement Amount. See Agreement ¶ 3.1.

13 32. Additionally, as stated above, Aggrieved Employees shall receive a *pro-rata* share
14 of the funds from the PAGA Penalties allocated for distribution to aggrieved employees based on
15 the number of pay periods worked during the PAGA Period. Payments to Aggrieved Employees
16 shall be allocated one hundred percent (100%) as penalties. See Agreement ¶¶ 3.2.5.1, 3.2.5.2.

17 33. The average estimated settlement payment to Participating Class Members is
18 approximately \$728.13 and the average estimated settlement payment to Aggrieved Employees
19 is approximately \$39.68. The payment to each Class Member will vary based on the number of
20 workweeks the Class Member worked during the Class Period, and the payment to each
21 Aggrieved Employee will vary based on the number of pay periods the Aggrieved Employee
22 worked during the PAGA Period. See Agreement ¶¶ 3.2.4, 3.2.5.1.

23 34. The proposed Settlement is a non-reversionary, non-claims made settlement. All
24 money from the Net Settlement Amount will be distributed to the Class Members. No money will
25 revert to Defendant. See Agreement ¶ 3.1.

26 35. Any residue from Individual Class Payment checks or Individual PAGA Payment
27 checks issued to Class Members and Aggrieved Employees remaining uncashed after 180 days
28 will be distributed to the State Controller's Office Unclaimed Property Fund to be held in trust

1 for such Class Members and Aggrieved Employees pursuant to California’s Unclaimed Property
2 Law. As such, no “unpaid residue” under California Code of Civil Procedure §384 will result
3 from the Settlement. *See* Agreement ¶¶ 4.4.1, 4.4.3.

4 36. This proposed Settlement resolves all of the Participating Class Members’ claims
5 against Defendant and the Released Parties based upon the facts alleged in the Operative
6 Complaint in the Action, for the Class Period. The proposed Settlement also resolves all of the
7 Aggrieved Employees’ claims arising under PAGA for the PAGA Period. *See* Agreement ¶¶ 5,
8 5.2, 5.3.

9 **THE SETTLEMENT IS REASONABLE**

10 **Method of Distribution**

11 37. The proposed settlement is based on the number of Workweeks worked by each
12 Class Member. This method is commonly used in wage and hour class actions because it relies
13 upon objective evidence of the total days of employment, which Class Members can easily review
14 and confirm for themselves. This information is readily available from Defendant’s records, and
15 the Administrator can apply the formula in a fair and transparent manner.

16 38. Additionally, this method of distribution is commonly used in wage and hour class
17 actions because it allows for a distribution that corresponds closely to the alleged damages since
18 employees experience the same working conditions, so their damages are directly related to the
19 amount of time they were employed.

20 39. The effectiveness of Class Counsel in prosecuting this matter has translated into
21 monetary benefits for the Class, Aggrieved Employees, and State of California in the following
22 respects: (1) the Class, Aggrieved Employees, and State of California will recover over a
23 reasonably short period of time as opposed to waiting additional years for the same, or possibly,
24 a worse, result; (2) a guaranteed result that compares favorably with other similar class action
25 settlements of this type, (3) significant savings in Class Counsel’s fees and costs which would
26 have only increased significantly had the cases progressed through trial, appeals, and continued
27 litigation.

28 **Discovery and Informed Arms-Length Negotiations**

1 40. Settlement was reached in this matter only after extensive informal discovery and
2 investigations. Prior to mediation, Defendant informally produced a 20% random sampling of
3 time records and payroll records, sample pay stubs, written wage and hour policies in effect during
4 the Class Period, and other relevant documents. Defendant also provided information regarding
5 the number of putative class members, the number of current versus former employees, the total
6 workweeks and pay periods worked by the Class and Aggrieved Employees, and the Class
7 Members’ average rate of pay. The randomly selected data sampling included records for putative
8 class members who were employed throughout different time periods during the Class Period,
9 that is representative of the Class. With this sampling, my office was able to perform a
10 comprehensive damage analysis and estimate Defendant’s potential violations, liability, and
11 exposure, including but not limited to analyzing time and pay data, considering potential meal
12 period violations, potential rest period violations, potential synthetic meal period recordings,
13 unpaid meal and rest period premiums, overtime, etc. The Parties extensively briefed the strengths
14 and weaknesses of Plaintiff’s claims and Defendant’s defenses and provided their analyses to the
15 mediator for his consideration.

16 41. The Parties engaged in a full day of mediation with Gig Kyriacou, Esq., a highly
17 respected mediator with particular experience in wage and hour class actions, during which the
18 Parties engaged in extensive settlement negotiations. The settlement negotiations were at arm’s
19 length and, although conducted in a professional manner, were adversarial. Defendant at all times
20 maintained that it had complied with California wage and hour laws. Likewise, Plaintiff was
21 willing and prepared to vigorously litigate this dispute. The proposed settlement was reached at
22 the end of a process that was neither fraudulent nor collusive and was reached only after a full
23 day of mediation that allowed the Parties to reach a compromise of the hotly disputed claims with
24 the help of the mediator. Following mediation, the Parties engaged in additional negotiations
25 before finalizing the long-form settlement agreement presently before the Court.

26 **Estimate of Potential Value**

27 42. My office analyzed all available data and estimated Defendant’s maximum
28 potential exposure with respect to the class claims at issue, with all claims adjudicated in favor of

1 the Class, at approximately \$1,590,594.69, assuming the litigation was successful at trial on the
2 claims at issue, and then reduced this exposure analysis based on the likelihood of obtaining class
3 certification, prevailing at trial, and other attendant risks. This amount is based on the total
4 estimated maximum liability for all the Workweeks during the Class Period; there are
5 approximately 21,237 Workweeks at issue. *See* Agreement ¶ 4.1. Based on the average rate of
6 pay during the Class Period of \$15.10 and finding a presumptive meal period violation rate of
7 18%, I estimated the total meal break damages owed at \$288,610.83 for all Class Members. Rest
8 breaks were unrecorded, and were thus difficult to gauge. However, based on the same types of
9 practices that were leading to employees missing meal breaks, or receiving short and late meal
10 periods, I estimated a 18% violation rate with respect to rest breaks, which resulted in total rest
11 break damages of \$288,610.83. Plaintiff's claims for overtime and minimum wage were based on
12 off-the-clock work and non-neutral rounding practices. Based on these practices, I estimated that
13 Defendant owed the Class approximately \$240,509.03 in unpaid wages and overtime. Waiting
14 time penalties amounted to \$492,864. Penalties for inaccurate wage statements amounted to
15 \$280,000. Finally, I also analyzed Defendant's potential PAGA exposure, including for claims
16 under Labor Code §§ 204 and 1174(d), and estimated Defendant's liability for penalties under
17 PAGA at approximately \$3,460,470. However, during the mediation, Defendant raised several
18 issues which impacted the risks attendant with the continued litigation of these claims.

19 **Analysis of Specific Claims and Risks Considered**

20 43. Although the investigation and information discovered supports Plaintiff's
21 contentions, the strengths of these claims varied and Defendant raised potential defenses and other
22 circumstances that impacted the risk of proceeding on a class-wide basis. Defendant proffered
23 defenses to both certification and the merits of Plaintiff's claims.

24 44. Defendant contended that Plaintiff's claims are not suitable for class certification
25 because individual issues and affirmative defenses would predominate should this case go to trial.
26 As with all class actions, these complex cases raise difficult management and proof issues and,
27 accordingly, there is a significant risk that the Court may deny class certification.

28 ***Meal Period Analysis***

1 45. A large portion of Defendant’s overall liability lies in Plaintiff’s meal period claim.
2 Plaintiff’s meal period theory of liability was based upon Defendant’s failure to provide timely,
3 full, and/or uninterrupted meal periods. Plaintiff contended that Defendant’s practices throughout
4 the Class Period were unlawful, required employees to perform work during their meal periods
5 and interfered with employees’ rights to take meal breaks where they were completely relieved
6 of their duties. Plaintiff contended that Defendant failed to pay meal period premiums for missed,
7 late, short, or interrupted meal periods that arose as a result of these practices. Based on a review
8 and analysis of a sampling of time and payroll data, my office found a meal period violation rate
9 of approximately 18%. Accordingly, based upon information regarding the Class workweeks and
10 average rate of pay, I estimated potential meal period damages of \$288,610.83.

11 46. However, meal period claims have become increasingly difficult to certify in
12 recent years and Defendant argued that its meal period policies and practices throughout the Class
13 Period were lawful. Defendant contended that to the extent that putative class members failed to
14 take their meal periods or took a short or late meal period, they did so voluntarily. As such,
15 Defendant contended the records indicated non-compliant meal periods had been waived.
16 Defendant argued that investigation into these meal periods would raise multiple individual issues
17 that would pose challenges to certification, including and whether meal periods were non-
18 compliant, why they were non-compliant, and whether they had been waived. Defendant
19 contended that these highly individualized questions of fact would prevent class certification

20 47. While I disagreed with Defendant’s arguments and factual contentions, I
21 recognized the circumstances and realities of the case, applicable case law and regulations, costs
22 and expenses of further litigation and certification, and risks to recovery associated with this
23 claim.

24 ***Rest Period Analysis***

25 48. Similarly, Plaintiff would likely face difficulties proving the alleged rest period
26 violations, as Defendant was not required to record these breaks. Plaintiff contended that
27 Defendant failed to provide Class Members with timely, full, and uninterrupted rest periods and
28 also contended that Defendant’s policy of requiring employees remain on-call during their rest

1 breaks was unlawful and violated California law. Plaintiff estimated that putative class members
2 received a non-compliant rest period on average 18% of the time throughout the Class Period and
3 estimated damages of approximately \$288,610.83.

4 49. In contrast, Defendant claimed it allowed employees to take their state mandated
5 rest periods and that its practices complied with California law. Defendant argued that whether
6 employees had received a compliant rest period, the reasons why an employee failed to receive a
7 compliant rest period, and whether such rest period was waived raised individual issues that could
8 not be certified and that even if such a claim could be certified, Plaintiff would be unable to
9 adequately prove the alleged damages given the lack of records.

10 50. Litigating rest period claims is inherently difficult as an employer's records, as is
11 the case here, do not usually indicate when a rest period is short, late, interrupted or missed
12 entirely. While Plaintiff disagrees with Defendant's arguments and factual contentions, Plaintiff
13 recognizes there are significant risks associated with this claim.

14 *Minimum Wage and Overtime Claims*

15 51. Plaintiff alleges that Defendant failed to pay putative Class Members overtime and
16 minimum wages as a result of uniform policies, practices, and procedures, that required putative
17 Class Members to perform work during meal periods and before clocking in and after clocking
18 out in order to complete heavy workloads. This off-the-clock work was work for which Plaintiff
19 alleges she and other putative Class Members failed to receive any payment at all and additionally
20 regularly caused Plaintiff and other putative Class Members to work more than eight hours in a
21 day or 40 hours in a week thereby incurring additional overtime compensation. Plaintiff also
22 alleges that Defendant utilized non-neutral rounding practices for at least a portion of the Class
23 Period and that its practices substantially favored Defendant. Plaintiff estimated as a result of
24 these violations, Class Members incurred approximately one hour of unpaid wages per week
25 amounting to \$240,509.03 in damages.

26 52. Defendant contended that its overtime and rounding policies and practices comply
27 with the law and that it paid putative Class Members over the minimum wage for all hours
28 worked. Defendant contended its rounding practices were neutral and that such practices have

1 been widely upheld. Defendant also produced wage records reflecting overtime compensation
2 paid to many of the putative Class Members. Defendant further contended that all employees
3 were required to record all time worked and that Defendant was not aware that any work had been
4 performed off-the-clock. Defendant also argued that individual liability issues predominate,
5 including: (1) whether each employee worked off-the-clock; (2) whether Defendant knew or
6 should have known about each employee's off-the-clock work; (3) whether each employee
7 worked overtime; and (4) whether Defendant knew or should have known that each putative class
8 member performed overtime work. Moreover, given that the bulk of these claims were based on
9 off-the-clock work not reflected in Defendant's time records, Defendant argued that proving
10 damages at trial would not be manageable.

11 53. Plaintiff disagrees with Defendant's contentions but acknowledges that claims
12 regarding off-the-clock work involve substantial challenges in obtaining and maintaining class
13 certification, establishing liability and providing damages, in light of potential individualized
14 issues and the lack of records.

15 ***Waiting Time Penalties and Wage Statement Claims***

16 54. Plaintiff alleges that Defendant intentionally and willfully failed to pay Plaintiff
17 and other putative Class Members all wages due to them upon termination, within the time period
18 permissible under California law as a result of Defendant's failure to pay employees all wages
19 due from off-the-clock work, as well as unpaid meal and rest period premiums. Based on the
20 information provided by Defendant at mediation there were approximately 136 former employees
21 within the three-year statute of limitations who Plaintiff believes were entitled to waiting time
22 penalties of approximately \$3,624 per class member or \$492,864 total.

23 55. However, there were substantial risks associated with Plaintiff's waiting time
24 penalties claims. These claims were derivative of Plaintiff's previous claims and if certification
25 was denied on those underlying claims, these claims would also likely fail. Further, even if
26 Plaintiff prevailed on her underlying off-the-clock claims, she would still be required to
27 demonstrate that Defendant's violations of Labor Code § 203 were willful violations, a difficult
28 prospect.

1 56. Plaintiff also contended that throughout the Class Period there were derivative
2 wage statement violations arising from the claims alleged above. Based on these claims and
3 assuming a violation could be proven once per pay period for each of the 70 employees employed
4 during the 1-year time period employees were eligible for penalties, and given the maximum
5 aggregate penalty of \$4,000 per employee, Plaintiff estimated potential penalties for wage
6 statement violations of approximately \$280,000.

7 57. Defendant contended that derivative wage statement violations would rise or fall
8 based on the prior claims and that it could not be demonstrated that these violations for items such
9 as off-the-clock work were knowing and intentional. Wage statement claims have also seen
10 varying treatment at the appellate level because such claims have an element of discretion
11 attached to them rather than a pure calculation of damages after liability is proven. *Cf., Jaimez v.*
12 *DAIOHS USA, Inc.*, 181 Cal.App.4th 1286 (2010) *with Price v. Starbucks Corp.*, 192 Cal.App.4th
13 1136 (2011). Accordingly, these derivative claims, which comprised a substantial portion of
14 Defendant's estimated potential liability, are extremely risky.

15 ***PAGA Claims***

16 58. My office also separately contemplated the risks of proceeding with the PAGA
17 action and the potential liability Defendant could face from this claim. As part of the valuation of
18 the potential PAGA claims, I included potential penalties that could be recovered as a result of
19 potential violations of Labor Code §§ 204 and 1174(d). The Parties agreed during settlement
20 negotiations to allocate \$50,000 of the Settlement towards the PAGA claims, which represents
21 approximately 10.2% of the Gross Settlement Amount. The percentage of the settlement allocated
22 to the PAGA claims is well above the range in PAGA settlements regularly approved in both state
23 and federal court for cases that include both a class and PAGA action. Courts have approved
24 allocations of as little as 1% of the Total Settlement Amount. *See, e.g.*,

- 25 • *Davis v. Brown Shoe Co.*, 2015 U.S. Dist. LEXIS 149010 (E.D. Cal. 2015) (PAGA
26 Payment of \$5,000 in a \$1.5 million class settlement);
27 • *Zamora v. Ryder Integrated Logistics, Inc.*, 2014 U.S. Dist. LEXIS 184096 (S.D. Cal.
28 2014) (\$7,500 payment to LWDA for PAGA on a \$1.5 million class settlement);

- 1 • *Lusby v. Gamestop Inc.*, 2015 U.S. Dist. LEXIS 42637 (N.D. Cal. 2015) (PAGA
2 Payment of \$5,000 in a \$500,000 class settlement);
- 3 • *Cruz v. Sky Chefs, Inc.*, 2014 U.S. Dist. Lexis 17693 (N.D. Cal. 2014) (approving
4 payment of \$10,000 to the LWDA for PAGA out of \$1,750,000 class settlement);
- 5 • *Chu v. Wells Fargo Investments, LLC*, 2011 WL 672645, *1 (N.D. Cal. 2011)
6 (approving PAGA payment of \$7,500 to the LWDA out of \$6.9 million common-fund
7 settlement);
- 8 • *Martino v. Ecolab Inc.*, No. 3:14CV04358 (N.D. Cal. 2017) (\$100,000 allotted as
9 PAGA penalties or 0.48% of \$21,000,000 settlement amount);
- 10 • *East v. Comprehensive Educational Services Inc.*, Case No. 11-CECG-04226 (2015)
11 (\$10,000 allotted as PAGA penalties or 0.13% of \$7,595,846 settlement amount);
- 12 • *Bararsani v. Coldwell Banker Residential Brokerage Company*, Case No. BC495767
13 (2016) (\$10,000 allotted as PAGA penalties or 0.22% of \$4,500,000 settlement
14 amount);
- 15 • *Rico v. Cardinal Health 200 Inc.*, No. CIVRS-14-01451 (2017) (\$5,000 allotted as
16 PAGA penalties or 0.14% of \$3,500,000 settlement amount);
- 17 • *Moppin v. Los Robles Medical Center*, No. 5:15CV01551 (C.D. Cal. 2017) (\$15,000
18 allotted as PAGA penalties or 0.40% of \$3,775,000 settlement amount);
- 19 • *Scott-George v. PVH Corporation. No.*, 2:13CV00441 (E.D. Cal. 2017) (\$15,000
20 allotted as PAGA penalties or 0.46% of \$3,250,000 settlement amount);
- 21 • *Hart v. Parkview Community Hospital Medical Center*, No. RIC-14-06044 (2016)
22 (\$10,000 allotted as PAGA penalties or 0.39% of \$2,550,000 settlement amount);
- 23 • *Nehrlich v. RPM Mortgage Inc.*, No. 30-2013-00666783-CU-OE-CXC (2017)
24 (\$10,000 allotted as PAGA penalties or 0.40% of \$2,500,000 settlement amount);
- 25 • *Kelley v. The Related Companies of California L.L.C.*, No. CIVDS-13-07167 (2016)
26 (\$10,000 allotted as PAGA penalties or 0.50% of \$2,000,000 settlement amount); and
- 27 • *Castrejon v. O'Connell Landscape Maintenance Inc.*, No. RIC-12-12798 (2015)
28 (\$5,000 allotted as PAGA penalties or 0.33% of \$1,500,000 settlement amount.

1 59. In allocating \$50,000 to Plaintiff's PAGA claims, my office considered that PAGA
2 penalties would be subject to the same defenses and risks as Plaintiff's class claims, as well as
3 defenses unique to PAGA.

4 60. For instance, Defendant contended that PAGA penalties could not be stacked for
5 violations based on the same conduct, and that Plaintiff would be unable to obtain penalties for
6 derivative labor code violations based on underlying wage violations.

7 61. Moreover, since Defendant denied and continued to deny that it ever violated any
8 provision of the California Labor Code, Defendant argued, that, even if, *arguendo*, such violations
9 occurred, heightened penalties should not apply because Defendant had not received notice from
10 a labor agency or Court that they were violating the law. *See, e.g., Amaral v. Cintas Corp. No. 2,*
11 *163 Cal.4th 1157, 1209 (2008).*

12 62. Defendant also contended that when determining whether or not to assess a
13 penalty, the court exercises the same discretion as the Labor Commissioner and may reduce the
14 penalties to be assessed against the employer pursuant to California Labor Code section
15 2699(e)(1)-(2). As such, Defendant contended that, with respect to a PAGA claim, the Court was
16 unlikely to assess cumulative penalties for the maximum number of possible, separate California
17 Labor Code violations, because it would be unjust, arbitrary, oppressive, and/or confiscatory,
18 especially where certain conduct may be governed by multiple provisions of the California Labor
19 Code that are interrelated and work in tandem.

20 63. Defendant also contended that adjudication of claims arising under PAGA would
21 not be manageable and that the individualized inquiries Defendant argued would defeat
22 certification of the alleged claims would also prevent Plaintiff from demonstrating that the PAGA
23 claim could be successfully managed and adjudicated without abridging Defendant's due process
24 rights.

25 64. Defendant maintained that, in addition to their strong arguments against the
26 underlying claims, taking the current unsettled state of law, it would be unjust to award the
27 maximum potential PAGA penalties. There was a dearth of law and guidance regarding trials
28 and/or assessment of penalties under the PAGA statute, and there is no clearly-established

1 methodology for the valuation and/or assessment of PAGA penalties.

2 ***General Considerations***

3 65. For all claims and when considering the settlement generally, my office
4 recognized that, even if Plaintiff prevailed at class certification, proving the amount of wages due
5 to each Class Member would be an expensive, time-consuming, and extremely uncertain
6 proposition. In order to prove liability and damages, my office will need to request and analyze
7 thousands of pages of documents, obtain the Class Members' contact information, contact them
8 and obtain numerous declarations at great expense. Obtaining the cooperation of current
9 employees would also be difficult, given the likely reluctance to aid prosecution of a lawsuit
10 against a current employer. On the other hand, Defendant would likely be able to obtain the
11 cooperation of its employees. Moreover, even if Plaintiff prevailed at class certification and trial,
12 possible appeals would substantially delay any recovery by the Class.

13 66. Therefore, in consideration of the risks regarding certification of the class claims
14 and manageability of the PAGA claims, my office discounted Defendant's estimated potential
15 liability by 50%. In consideration of merits-based risk factors, even if a class were certified and
16 the claims were brought to trial, my office reduced Defendant's estimated liability for Plaintiff's
17 meal and rest period claims, minimum wage and overtime claims, and PAGA penalties by an
18 additional 50%. My office applied a 65% discount to account for the merits-based risk to
19 Plaintiff's claims for waiting time penalties and wage statement violations because in addition to
20 the derivative risks from the claims above, Plaintiff would be required to overcome additional
21 merits-based risks in order to recover these penalties. In consideration regarding the argument
22 that PAGA penalties may not be stacked or trigger derivative violations, my office discounted
23 Defendant's total liability by 50%. Finally, considering the discretionary nature of PAGA
24 penalties and the fact that Defendant had potential arguments that the imposition of such penalties
25 would be arbitrary and oppressive, my office discounted Defendant's estimated liability by an
26 additional 65%. This resulted an adjusted estimated liability of \$491,079.44.

27 67. I therefore submit that the Settlement is fair, reasonable, and adequate. The
28 Settlement is in the best interest of the Class Members, Aggrieved Employees, and State of

1 California and is within the accepted range of recoveries for this type of litigation given the
2 inherent risk of litigation, the risk of obtaining and maintaining class certification, and the costs
3 of further litigation.

4 **IMPACT ON OTHER PENDING MATTERS OR ACTIONS**

5 68. My office is aware of two related pending matters filed by the same individual,
6 Guadalupe Portilla de Gomez (“Ms. Portilla de Gomez”), subsequent to the Parties’ settling the
7 Action. Those matters are titled (1) *Guadalupe Portilla de Gomez v. Quadrtech Corporation*, Los
8 Angeles County Superior Court, Case No. 22STCV37003; and (2) *Guadalupe Portilla de Gomez*
9 *v. Quadrtech Corporation*, Los Angeles County Superior Court, Case No. 23STCV01812
10 (collectively, the “Subsequent Matters”). In the Subsequent Matters, Ms. Portilla de Gomez
11 asserts claims against Quadrtech on behalf of putative class and subclasses from November 22,
12 2018 to the present for: (1) failure to pay wages for all hours worked; (2) failure to pay overtime
13 wages; (3) failure to provide meal periods; (4) failure to provide rest periods; (5) failure to timely
14 pay wages during employment; (6) failure to provide complete and accurate wage statements; (7)
15 failure to pay wages due on termination; (8) unfair competition; and (9) civil penalties and wage
16 pursuant to PAGA. Further, those individuals who fit within the aggrieved employee, class, and
17 sub-class definitions in the Subsequent Matters would release all of these claims in the settlement
18 in this Action and, therefore, would be barred from pursuing those claims. It is also my
19 understanding that Ms. Portilla de Gomez is a putative Class Member and Aggrieved Employee
20 in this Action, which consumes and extinguishes all of the claims alleged by Ms. Portilla de
21 Gomez in the Subsequent Matters. *See* Agreement ¶ 2.7.

22 **REQUESTED CLASS REPRESENTATIVE SERVICE PAYMENT**

23 **AND GENERAL RELEASE PAYMENT**

24 69. As part of the Agreement, Plaintiff is requesting a reasonable service payment of
25 \$7,500 and a general release payment of \$10,000. Plaintiff initiated this matter on an individual
26 basis, including claims for wrongful termination and retaliation in addition to a PAGA claim on
27 behalf of the LWDA. Following the mediation, Plaintiff stepped forward in the Action to serve
28 as a class representative on behalf of her former co-workers, who will now benefit from the

1 Settlement. Plaintiff invested substantial time and effort into this litigation, including her own
2 research, reviewing documents, providing my office with relevant documents and information
3 related to her employment with Defendant, providing the facts and evidence necessary to attempt
4 to prove her allegations, and having numerous and extensive discussions with my office about the
5 case. Plaintiff made herself available, actively monitored the status of the case, assisted in
6 preparation for mediation, and reviewed the Settlement and discussed its terms with my office. In
7 short, Plaintiff played an instrumental role in the successful litigation to this case. Further, the
8 requested amount is also extremely reasonable given the benefit gained by other Class Members.
9 The Class Representative Service Payment also serves to recognize the actual risk Plaintiff
10 assumed by putting herself on the public record in a class and representative employment lawsuit.
11 The requested General Release Payment to Plaintiff recognizes the fact that, as part of the
12 Settlement, Plaintiff is agreeing to a general release of any and all claims she may have against
13 Defendant, which is far broader than the narrow release applicable to the Class. In doing so,
14 Plaintiff is also releasing her individual claims, including any claims for unlawful retaliation and
15 wrongful termination, which was due to her complaints regarding Defendant's practices, conduct,
16 and Labor Code violations. *See* Declaration of Plaintiff Delmy Portillo de Hernandez in support
17 of Motion for Preliminary Approval ("Portillo de Hernandez Decl."). Notice of the requested
18 payments to Plaintiff is disclosed to the Class Members in the Court Approved Notice of Class
19 Action Settlement and Hearing Date for Final Court Approval ("Class Notice") and should be
20 preliminarily approved by the Court. *See* Agreement, Ex. A.

21 **ATTORNEYS' FEES AND COSTS**

22 70. The attorneys' fees incurred by my office are in line with the common fund
23 requested. As Class Counsel, my office is seeking one-third (1/3), i.e., 33 1/3% of the Gross
24 Settlement Amount or \$163,333.33. My office has achieved an excellent result for the Class
25 during hard fought negotiations. My office has extensive experience in wage and hour disputes
26 and was able to use our extensive experience and skills to achieve this result. The Motion for
27 Final Approval will elaborate on the nature of the legal services provided, the time incurred in
28 performing those services, and my office's hourly rates. The Motion for Final Approval will also

1 elaborate on the reimbursement for costs sought by my office, which are estimated not to exceed
2 \$15,000. Notice of Class Counsel’s requested fees and costs are disclosed to the Class in the Class
3 Notice. *See* Agreement, Ex. A.

4 **THE METHOD OF NOTICE IS VERY LIKELY TO GIVE ACTUAL NOTICE**

5 71. Subject to the Court’s Approval, the Parties have agreed to having Phoenix
6 Settlement Administrators (“Phoenix”) administer the Settlement. My office does not have any
7 financial interest in the Administrator or otherwise have a relationship with the Administrator that
8 could create a conflict of interest.

9 72. No later than fifteen (15) days after the Court grants preliminary approval of the
10 Settlement, Defendant will provide the Class Data to the Administrator including the name, last-
11 known mailing address, Social Security number, service dates, number of workweeks worked
12 during the Class Period, and number of pay periods worked during the PAGA Period for each
13 Class Member. *See* Agreement ¶¶ 1.8, 4.2.

14 73. The Administrator shall perform any searches necessary for confirmation of the
15 Class Members’ addresses and shall mail the Class Notice in both English and Spanish to all Class
16 Members within ten (10) days of receiving the Class Data from Defendant. *See* Agreement ¶
17 7.4.2.

18 74. I am not aware of an alternative method of providing notice to the Class which
19 would result in a higher likelihood of actual notice. The original source of the mailing addresses
20 is from each Class Member, who provided the information to Defendant. As a fail-safe to this
21 highly reliable method, additional searches will be performed on any notice returned as non-
22 deliverable. *See* Agreement ¶ 7.4.3.

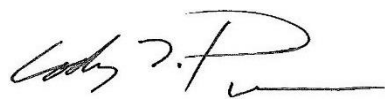
23 **NOTICE TO THE LWDA**

24 75. On June 22, 2023, my office submitted a copy of the fully executed Class Action
25 and PAGA Settlement Agreement, as well as information regarding the preliminary approval
26 hearing on this matter, to the California Labor Workforce Development Agency via online filing.
27 A true and correct copy of an email confirming submission of the Settlement to the LWDA on
28 June 22, 2023 is attached hereto as **Exhibit 3**.

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 28, 2023 at Manhattan Beach, California.



Cody Payne

EXHIBIT 1



PAYNE NGUYEN LLP

NOVEMBER 11, 2020

VIA ONLINE FILING

Labor and Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, CA 95814
PAGAFilings@dir.ca.gov
<https://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General-Act.html>

RE: *Delmy Estela Portillo de Hernandez v. Quadrtech Corporation, et al.*

Dear Representative:

This office represents Delmy Estela Portillo de Hernandez ("**Ms. Portillo de Hernandez**") with respect to her claims under the California Labor Code against Quadrtech Corporation ("**Employer**"). This letter is being sent simultaneously to Employer by certified mail.

Employer employed Ms. Portillo de Hernandez from approximately June 2019 to March 2020, as an hourly, non-exempt employee. During her employment with Employer, Ms. Portillo de Hernandez was employed as a general laborer/manufacturing worker at Employer's location in Los Angeles County, California. Employer is a jewelry and clothing accessory manufacturing company.

Ms. Portillo de Hernandez intends to seek penalties for violations of the California Labor Code which are recoverable under California Labor Code section 2698, et seq., the Private Attorneys General Act of 2004 ("**PAGA**"). Ms. Portillo de Hernandez is seeking penalties on behalf of herself and in a representative capacity on behalf of the State of California and all current and former non-exempt employees of Employer ("**Aggrieved Employees**"). This letter is being sent in compliance with California Labor Code section 2699.3.

Employer terminated Ms. Portillo de Hernandez in direct retaliation for her complaints to Employer regarding Employer's failure to provide her and Aggrieved Employees with accurate time records and for failing to pay her and Aggrieved Employees minimum wages, overtime, and failing to provide her and Aggrieved Employees with timely meal and rest breaks. Employer terminated Ms. Portillo de Hernandez in direct response to her complaints.

Further, as detailed below, Employer violated several of California's wage and hour laws during Ms. Portillo de Hernandez's employment, including but not limited to violations of California Labor Code sections 98.6, 201, 202, 203, 204, 226(a), 226.3, 226.7, 245.6, 510, 512(a), 1102.5, 1174(d), 1194, 1197, 1197.1, 1198, and the Industrial Welfare Commission Wage Orders ("**IWC Wage Order**") including *inter alia*, IWC Wage Order No. 1. The claims made on behalf of Ms. Portillo de Hernandez and Aggrieved Employees are based upon the following facts and theories:



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1. FAILURE TO PAY FOR ALL TIME WORKED AT CORRECT RATES OF PAY, INCLUDING MINIMUM WAGES, STRAIGHT TIME WAGES, AND OVERTIME COMPENSATION

Employer has engaged in numerous unlawful practices which resulted in the failure to pay Ms. Portillo de Hernandez and Aggrieved Employees for all time worked at the correct rates of pay, including minimum wages, straight time wages, and overtime compensation.

First, Employer regularly required Ms. Portillo de Hernandez and Aggrieved Employees to work off-the-clock in order to complete their duties and responsibilities. This off-the-clock work included, amongst other things, requiring Ms. Portillo de Hernandez and Aggrieved Employees to: (1) respond to Employer and work-related requests and perform work while clocked out for purported meal breaks; (2) perform work before clocking in for the start of their shift; and (3) perform work after clocking out for the end of their shift. Ms. Portillo de Hernandez and Aggrieved Employees were not compensated for this off-the-clock work, resulting in a failure to pay minimum wages and straight time wages. Moreover, this off-the-clock work typically caused Ms. Portillo de Hernandez and Aggrieved Employees to work more than eight (8) hours in a day and forty (40) hours in week, resulting in a failure to pay overtime compensation.

In addition to requiring Ms. Portillo de Hernandez and Aggrieved Employees to perform work off-the-clock without compensation, Employer also utilized time rounding practices that resulted in the systematic underpayment of wages to Ms. Portillo de Hernandez and Aggrieved Employees, including minimum wages, straight time wages and overtime wages. Employer also failed to accurately record the actual time worked by Ms. Portillo de Hernandez and Aggrieved Employees, which resulted in a failure to pay Ms. Portillo de Hernandez and Aggrieved Employees for all hours actually worked, including minimum wages, straight time wages and overtime wages. Finally, and as a matter of policy and/or practice, Employer failed to pay overtime to Ms. Portillo de Hernandez and Aggrieved Employees for all overtime hours worked based on regular rates of pay correctly calculated to include all applicable remuneration.

As a result of the foregoing practices, Employer has failed to pay Ms. Portillo de Hernandez and Aggrieved Employees for all wages earned at the correct rates of pay, including minimum wages, straight time wages, and overtime compensation. Accordingly, Employer violated IWC Wage Order No. 1 and California Labor Code sections 204, 510, 1194, 1197, 1197.1 and 1198.

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek unpaid wages; PAGA default penalties; penalties pursuant to paragraph (20)(A) of IWC Wage Order No. 1; penalties pursuant to California Labor Code sections 558, 1197.1, and 1199; compensation pursuant to Labor Code Section 1194; and attorneys' fees and costs.



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2. FAILURE TO PROVIDE MEAL PERIODS AND PAY MEAL PERIOD PREMIUMS

Employer failed to provide Ms. Portillo de Hernandez and Aggrieved Employees with legally-compliant 30-minute meal periods. Ms. Portillo de Hernandez and Aggrieved Employees were required by Employer to work more than five (5) hours per day, but were not provided with uninterrupted 30-minute meal periods. Further, Ms. Portillo de Hernandez and Aggrieved Employees were not provided with a second uninterrupted 30-minute meal period when they worked over ten (10) hours per day. Employer regularly required Ms. Portillo de Hernandez and Aggrieved Employees to work through their first and second meal periods, to take their first meal period after their fifth (5th) hour of work, and/or to take their second meal periods after their tenth (10th) hour of work. On the occasions that Ms. Portillo de Hernandez and Aggrieved Employees did take a meal period, their meal periods were frequently interrupted or cut short.

Employer's policies, practices, and procedures were responsible for the violations alleged above and prevented Ms. Portillo de Hernandez and other Aggrieved Employees from taking timely, complete and duty-free meal periods because, amongst other reasons: (1) Employer did not have legally-compliant policies regarding the provision and timing of meal periods or systematically disregarded its own purported meal period policies; (2) Employer's management at various levels, affecting all hourly-non-exempt employees, failed and refused to implement and enforce legally compliant meal period policies and practices; (3) Employer failed to adequately inform and train Ms. Portillo de Hernandez and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free meal periods; (4) Employer failed to adequately inform and train Ms. Portillo de Hernandez and other Aggrieved Employees about their right to premium wages for non-compliant meal periods; (5) Employer failed to ensure that there was adequate staffing to allow Ms. Portillo de Hernandez and other Aggrieved Employees to take timely, uninterrupted, and duty-free meal periods; (6) Employer required Ms. Portillo de Hernandez and other Aggrieved Employees remain on-call and respond to work-related requests at all times, including during meal periods, which included in-person verbal interruptions; and (7) Employer's policy and culture prevented Ms. Portillo de Hernandez and other Aggrieved Employees from taking timely, uninterrupted, and duty-free meal periods because of the priority placed on completing job requirements over employees right to receive timely, uninterrupted, and duty-free meal periods.

Ms. Portillo de Hernandez and Aggrieved Employees did not receive an extra hour of wages at their regular rate of pay for the meal periods which were not provided to them in compliance with California law.

Accordingly, Employer violated IWC Wage Order No. 1 and California Labor Code sections 226.7(a), 512(a) and 1198.

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to paragraph (20)(A) of IWC Wage Order No. 1; penalties pursuant to California



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Labor Code California Labor Code sections 558 and 1199; and attorneys' fees and costs.

3. FAILURE TO AUTHORIZE AND PERMIT REST PERIODS AND PAY REST PERIOD PREMIUMS

Employer failed to authorize and permit Ms. Portillo de Hernandez and Aggrieved Employees to take legally-compliant 10-minute rest periods. Employer required Ms. Portillo de Hernandez and Aggrieved Employees to work through rest periods. Ms. Portillo de Hernandez and Aggrieved Employees were not provided with uninterrupted, duty-free rest periods when they worked more than four (4) hours or a major fraction thereof. Further, Ms. Portillo de Hernandez and Aggrieved Employees were not provided with a second uninterrupted, duty-free rest period when they worked more than six (6) hours in a day, or a third uninterrupted, duty-free rest period after working more than ten (10) hours in day. In the rare event that a rest period was taken, it was frequently interrupted or cut short. Moreover, Ms. Portillo de Hernandez and Aggrieved Employees were never completely relieved of duty as required by *Augustus v. ABM Security Services, Inc.*, 2 Cal.5th 257 (2016).

Employer's policies, practices, and procedures were responsible for the violations alleged above and prevented Ms. Portillo de Hernandez and other Aggrieved Employees from taking timely and complete rest periods because, amongst other reasons: (1) Employer did not have legally-compliant policies regarding the provision and timing of rest periods or systematically disregarded its own purported rest period policies; (2) Employer's management at various levels, affecting all hourly-non-exempt employees, failed and refused to implement and enforce legally compliant rest period policies and practices; (3) Employer failed to adequately inform and train Ms. Portillo de Hernandez and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free rest periods; (4) Employer failed to adequately inform and train Ms. Portillo de Hernandez and other Aggrieved Employees about their right to premium wages for non-compliant rest periods; (5) Employer failed to ensure that there was adequate staffing to allow Ms. Portillo de Hernandez and other Aggrieved Employees to take timely, uninterrupted, and duty-free rest periods; (6) Employer required Ms. Portillo de Hernandez and other Aggrieved Employees to remain on-call and respond to work-related requests at all times, including during rest periods, which included in-person verbal interruptions; and (7) Employer's policy and culture prevented Ms. Portillo de Hernandez and other Aggrieved Employees from taking timely, uninterrupted, and duty-free rest periods because of the priority placed on completing job requirements over employees right to receive rest periods.

Ms. Portillo de Hernandez and Aggrieved Employees did not receive an extra hour of wages at their regular rate of pay for the rest periods which were not provided to them in compliance with California law.

Accordingly, Employer violated IWC Wage Order No. 1 and California Labor Code sections 226.7(a), and 1198.



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Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to paragraph (20)(A) of IWC Wage Order No. 1; California Labor Code sections 558 and 1199 penalties; and attorneys' fees and costs.

4. FAILURE TO TIMELY PAY WAGES DURING EMPLOYMENT

As to each pay period, Employer has failed to timely pay all wages earned because Ms. Portillo de Hernandez and Aggrieved Employees were not paid all the wages they were owed including, *inter alia*, overtime compensation, straight time wages, minimum wages, and meal and rest period premiums. Accordingly, Employer violated California Labor Code section 204(a).

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to California Labor Code sections 210 and 1199; and attorneys' fees and costs.

5. FAILURE TO PROVIDE ACCURATE ITEMIZED WAGE STATEMENTS

As a result of the practices described above, the wage statements provided to Ms. Portillo de Hernandez and Aggrieved Employees never included the correct entity, the actual hours worked, the actual gross wages earned, the correct rates of pay, and meal and rest premiums owed. Accordingly, Employer violated California Labor Code section 226(a).

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to California Labor Code section 226.3; and attorneys' fees and costs.

6. FAILURE TO MAINTAIN ACCURATE RECORDS

Employer has failed to maintain accurate records relating to Ms. Portillo de Hernandez and Aggrieved Employees' work periods, meal periods, total daily hours worked, and total hours worked per payroll period. Accordingly, Employer violated IWC Wage Order No. 1 and California Labor Code sections 1198 and 1174(d).

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to paragraph (20)(A) of IWC Wage Order No. 1; California Labor Code section 1174.5 penalties; and attorneys' fees and costs.

7. FAILURE TO PAY VACATION TIME

Pursuant to California Labor Code section 227.3, ". . . whenever a contract of employment or employer policy provides for paid vacations, and an employee is terminated without having taken off his vested vacation time, all vested vacation shall be paid to him as wages at his final rate in



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accordance with such contract of employment or employer policy respecting eligibility or time served." During the relevant time period, Employer failed to pay Ms. Portillo de Hernandez and other Aggrieved Employees for all earned and unused and accrued vacation time at their final rate of pay at the time of termination of their employment. Accordingly, Employer has violated California Labor Code section 227.3.

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; California Labor Code section 227 penalties; and attorneys' fees and costs.

8. FAILURE TO PAY SICK TIME

Pursuant to California Labor Code sections 245.5 and 246(i), "[a]n employer shall provide an employee with written notice that sets forth the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, for use on either the employer's itemized wage statement described in Section 226 or in a separate writing provided on the designated pay date with employee's payment of wages." Section 245.5 defined "paid sick days" as "time that is compensated at the same wage as the employee normally earns during regular work hours and is provided by an employer to an employee." Moreover, Labor Code section 246(l)(1) states that "[p]aid sick time for nonexempt employees shall be calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time." During the relevant time period, Employer failed to provide Ms. Portillo de Hernandez and other Aggrieved Employees with the amount of sick leave available, or paid time off leave an employer provides in lieu of sick leave, on the itemized wage statements described in Section 226 that it issues to Ms. Portillo de Hernandez and other Aggrieved Employees. Therefore, Employer has violated California Labor Code section 245.5.

Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to California Labor Code section 226.3; and attorneys' fees and costs.

9. FAILURE TO PAY ALL WAGES UPON TERMINATION OF EMPLOYMENT

Upon the termination of employment, Ms. Portillo de Hernandez and Aggrieved Employees were not paid all wages due to them within twenty-four (24) hours or even within seventy-two (72) hours for those who resigned. Specifically, as a result of Employer's practices of requiring Ms. Portillo de Hernandez and Aggrieved Employees to work off-the-clock without compensation, unlawful rounding practices, failure to properly calculate regular rates, and failure to accurately record all hours actually worked, Employer failed to pay Ms. Portillo de Hernandez and Aggrieved Employees for all straight time wage, minimum wages and overtime compensation owed to them upon termination of their employment. Employer also failed to pay Ms. Portillo de Hernandez and Aggrieved Employees for meal period premiums, rest period premiums, and accrued sick time they were owed, amongst other wages. Accordingly, Employer violated California Labor Code sections 201 and 202.



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Ms. Portillo de Hernandez and Aggrieved Employees will therefore seek PAGA default penalties; penalties pursuant to California Labor Code sections 203, 1199, and 2699(f)(2); and attorneys' fees and costs.

10. LABOR CODE 1102.5 RETALIATION

"An employer . . . shall not retaliate against an employee for disclosing information . . . to a person with authority over the employee or another employee who has the authority to investigate, discover, or correct the violation or noncompliance . . . if the employee has reasonable cause to believe that the information discloses a violation of state or federal statute, or a violation of or noncompliance with a local, state, or federal rule or regulation, regardless of whether disclosing the information is part of the employee's job duties." Cal. Lab. Code § 1102.5(b).

"In addition to other penalties, an employer that is a corporation or limited liability company is liable for a civil penalty not exceeding ten thousand dollars (\$10,000) for each violation of this section." Cal. Lab. Code § 1102.5(f).

As set forth above, Employer unlawfully retaliated against Ms. Portillo de Hernandez when Employer terminated Ms. Portillo de Hernandez's employment after Ms. Portillo de Hernandez complained about violations under California's Labor Code.

Ms. Portillo de Hernandez will seek the \$10,000 civil penalty for the violation referenced above. Ms. Portillo de Hernandez will also seek attorneys' fees and costs pursuant to California Labor Code § 2699, subd. (g).

11. LABOR CODE 98.6 RETALIATION

"A person shall not discharge an employee or in any manner discriminate, retaliate, or take any adverse action against any employee or applicant for employment because the employee or applicant engaged in any conduct delineated in this chapter . . ., or because the employee . . . made a written or oral complaint that he or she is owed unpaid wages . . ." California Labor Code § 98.6(a).

"In addition to other remedies available, an employer who violates this section is liable for a civil penalty not exceeding ten thousand dollars (\$10,000) per employee for each violation of this section, to be awarded to the employee or employees who suffered the violation." *Id.* at § 98.6(b)(3).

As set forth above, Employer unlawfully retaliated against Ms. Portillo de Hernandez when Employer terminated Ms. Portillo de Hernandez's employment after Ms. Portillo de Hernandez complained about Employer's California Labor Code violations. Thus, Ms. Portillo de Hernandez will seek the \$10,000 civil penalty for the violation. Ms. Portillo de Hernandez will also seek attorneys' fees and costs pursuant to California Labor Code § 2699, subd. (g).



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Therefore, on behalf of herself, the State of California and all Aggrieved Employees, Ms. Portillo de Hernandez may seek all applicable penalties related to these violations of the California Labor Code pursuant to PAGA. If you have any questions or require additional information, please do not hesitate to contact us. Thank you for your attention to this matter.

Sincerely,

Cody Payne, Esq.
Partner
Payne Nguyen LLP

Notice provided to Employer via Certified Mail (7019 0140 0000 9935 6181)

Quadrtech Corporation
Agent for Service of Process
Vladimir Reil
521 Rosecrans Avenue
Gardena, CA 90248

EXHIBIT 2

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Delmy Portillo de Hernandez (“Plaintiff”) and defendant Quadrtech Corporation (“Quadrtech”). The Agreement refers to Plaintiff and Quadrtech collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means Plaintiff’s lawsuit alleging wage and hour violations against Quadrtech captioned *Portillo de Hernandez v. Quadrtech Corporation*, Case No. 21STCV06572, initiated on February 18, 2021 and pending in Superior Court of the State of California, County of Los Angeles.
- 1.2 “Administrator” means Phoenix Settlement Administrators, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4 “Aggrieved Employee” means a person classified as a non-exempt hourly employee, including temporary workers employed through temp agencies, who currently or formerly performed work for Quadrtech in California during the PAGA Period.
- 1.5 “Class” means all persons classified as non-exempt hourly employees, including all temporary workers employed through temp agencies, who currently or formerly performed work for Quadrtech in California during the Class Period.
- 1.6 “Class Counsel” means Payne Nguyen, LLP.
- 1.7 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.8 “Class Data” means Class Member identifying information in Quadrtech’s possession including the Class Member’s name, last-known mailing address, Social Security number, service dates, and the number of Class Period Workweeks and PAGA Pay Periods.
- 1.9 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).
- 1.10 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

- 1.11 “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.12 “Class Period” means the period from March 22, 2018 to 60 days from the date this Agreement is signed, or the date the Court grants preliminary approval, whichever occurs earlier.
- 1.13 “Class Representative” means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a class representative.
- 1.14 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
- 1.15 “Court” means the Superior Court of California, County of Los Angeles.
- 1.16 “Quadrtech” means named Defendant Quadrtech Corporation.
- 1.17 “Defense Counsel” means Tucker Ellis LLP.
- 1.18 “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.19 “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.20 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.21 “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.22 “Gross Settlement Amount” means \$490,000 which is the total amount Quadrtech agrees to pay under the Settlement except as provided in Paragraph 8, below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Litigation Expenses, Class Representative Service Payment, and the Administration Expenses Payment.
- 1.23 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods worked during the PAGA Period.

- 1.25 “Judgment” means the judgment entered by the Court based upon the Final Approval.
- 1.26 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled under Labor Code section 2699, subd. (i).
- 1.27 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.28 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Plaintiff General Release Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.
- 1.29 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.30 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Quadrtech for at least one day during the PAGA Period.
- 1.31 “PAGA Period” means the period from November 11, 2019 to 60 days from the date this Agreement is signed, or the date the Court grants preliminary approval, whichever occurs earlier.
- 1.32 “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698, *et seq.*).
- 1.33 “PAGA Notice” means Plaintiff’s November 11, 2020 letter to Quadrtech and the LWDA providing notice pursuant to Labor Code section 2699.3, subd. (a).
- 1.34 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$12,500) and 75% to the LWDA (\$37,500) in settlement of PAGA claims.
- 1.35 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.36 “Plaintiff” means Delmy Portillo de Hernandez, the named plaintiff in the Action.
- 1.37 “Plaintiff General Release Payment” means the amount Plaintiff will be paid from the Gross Settlement Amount in light of her general release.
- 1.38 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.39 “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval.
- 1.40 “Released Class Claims” means the claims being released as described in Paragraph 5.2, below.

- 1.41 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3, below.
- 1.42 “Released Parties” means: Quadrtech and each of its past, present, or future directors, officers, shareholders, owners, members, agents, attorneys, insurers, predecessors, successors, assigns, subsidiaries, affiliates, and any and all joint employers.
- 1.43 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.44 “Response Deadline” means 60 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days from re-mailing to respond.
- 1.45 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.
- 1.46 “Workweek” means any week during which a Class Member worked for Quadrtech for at least one day during the Class Period.

2. RECITALS

- 2.1 On February 18, 2021, Plaintiff commenced this Action by filing a Complaint alleging the following labelled causes of action against Quadrtech for: (1) Wrongful Termination; (2) Retaliation; (3) Unpaid Overtime; (4) Unpaid Minimum Wages; (5) Unpaid Rest Period Premiums; (6) Unpaid Meal Period Premiums; (7) Failure to Provide Accurate Wage Statements; (8) Final Wages Not Timely Paid; (9) Failure to Provide Personnel Records; (10) Violation of California Business And Professions Code § 17200, *et seq.*; and (11) Private Attorney General Act, Labor Code § 2698, *et seq.* On March 24, 2023, Plaintiff filed a First Amended Complaint which added class allegations seeking the recovery of the alleged Labor Code violations against Quadrtech. The First Amended Complaint is the operative complaint in the Action (the “Operative Complaint.”)
- 2.2 Quadrtech denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged therein.
- 2.3 Pursuant to Labor Code section 2699.3, subd. (a), Plaintiff gave timely written notice to Quadrtech and the LWDA by sending the PAGA Notice.
- 2.4 On September 22, 2022, the Parties participated in an all-day mediation presided over by Gig Kyriacou, Esq. which led to this Agreement to settle the Action.
- 2.5 Prior to mediation, Plaintiff obtained, through informal discovery, a 20% sampling of time and payroll data for the putative class, and figures and information regarding the size and composition of the putative class. Plaintiff’s investigation was sufficient to satisfy the criteria for court

approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

- 2.6 The Court has not granted class certification because the Parties engaged in mediation before any class certification briefing. The Parties stipulated to class certification for settlement purposes only. Further, the Parties acknowledge Quadrtech’s right to oppose class certification if the settlement does not receive Final Approval.
- 2.7 The Parties, Class Counsel, and Defense Counsel represent that they are aware of two related pending matters that were filed by the same plaintiff, Guadalupe Portilla de Gomez, subsequent to the Parties’ settling this action. Those matters are titled: (1) *Guadalupe Portilla de Gomez v. Quadrtech Corporation*, Los Angeles County Superior Court, Case No. 22STCV37003; and (2) *Guadalupe Portilla de Gomez v. Quadrtech Corporation*, Los Angeles County Superior Court, Case No. 23STCV01812 (collectively, the “Subsequent Matters”). Plaintiff Guadalupe Portilla de Gomez (“Plaintiff Portilla de Gomez”) asserts claims against Quadrtech on behalf of the following putative class and subclasses from November 22, 2018 to the present:

(a) Plaintiff Portilla de Gomez Class: [a]ll current and former hourly non-exempt employees employed by Defendant as well as temporary employees employed through temp. agencies in California at any time from one to four years prior to the filing of the initial Complaint in this matter through the date notice is mailed to a certified class...”;

(b) Minimum Wage Sub-Class: all current and former hourly non-exempt employees who were not paid at least minimum wage for all time they were subject to Defendants’ control;

(c) Overtime Sub-Class: all current and former hourly non-exempt employees who worked more than eight (8) hours in a workweek, and/or seven (7) days in a workweek, who were not paid overtime wages;

(d) Regular Rate Sub-Class: all current and former hourly non-exempt employees who worked overtime, who received additional remunerations during pay periods where they were paid overtime wages, and whose compensation did not include such additional remuneration when Defendants calculated those employees’ overtime wages;

(e) Meal Period Sub-Class: all current and former hourly non-exempt employees who worked shifts more than five (5) hours yet Defendants failed to authorize/permit meal periods of not less than thirty (30) minutes;

(f) Meal Period Premium Wage Sub-Class: all current and former hourly non-exempt employees who received additional remuneration during pay periods they were paid meal period premium wages and whose regular rate of pay did not include additional remuneration when Defendants calculated the meal period premium wages;

(g) Rest Period Sub-Class: all current and former hourly non-exempt employees who worked at least 3.5 hours and did not received all required rest periods of a net ten minutes for every four hours worked or major fraction thereof;

(h) Rest Period Premium Wages Sub-Class: all current and former hourly non-exempt employees who received additional remuneration during pay periods in which they were paid rest period premium wages and whose regular rate of pay did not include such additional remuneration when Defendants calculated the rest period premium wages;

(i) Pay Day Sub Class: all current and former hourly non-exempt employees who were not timely paid earned wages during their employment;

(j) Wage Statement Sub-Class: all current and former hourly non-exempt employees who received inaccurate or incomplete wage and hour statements; and

(k) Waiting Time Sub-Class: all current and former hourly non-exempt employees who did not receive payment of all unpaid wages upon separation of employment within the statutory period.

In the Subsequent Matters, Plaintiff Portilla de Gomez asserts claims against Quadrtech for: (1) failure to pay wages for all hours worked; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to provide rest periods; (5) failure to timely pay wages during employment; (6) failure to provide complete and accurate wage statements; (7) failure to pay wages due on termination; (8) unfair competition; and (9) civil penalties and wage pursuant to PAGA. Further, those individuals who fit within the aggrieved employee, class, and sub-class definitions in the Subsequent Matters would release all of these claims in the settlement in this Action and, therefore, would be barred from pursuing those claims. Plaintiff is a putative Class Member and Aggrieved Employee in this Action, which consumes and extinguishes all of the claims alleged by Plaintiff Portilla de Gomez in the Subsequent Matters.

3. MONETARY TERMS.

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Quadrtech promises to pay \$490,000 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Quadrtech has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 5.1 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Quadrtech.

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

3.2.1 To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$7,500 and Plaintiff General Release Payment of not more than \$10,000 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Quadrtech will not oppose Plaintiff's request for a Class Representative Service Payment and

Plaintiff General Release Payment that do not exceed these amounts. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payment and Plaintiff General Release Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment and Plaintiff General Release Payment less than the amounts requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment and Plaintiff General Release Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment and Plaintiff General Release Payment.

- 3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than 1/3 of the Gross Settlement Amount, which is currently estimated to be \$163,333.33, and a Class Counsel Litigation Expenses Payment of not more than \$15,000. Quadrtech will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's counsel arising from any claim to any portion of any Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Quadrtech harmless, and indemnifies Quadrtech, from any dispute or controversy regarding any division or sharing of any of these payments.
- 3.2.3 To the Administrator: An Administration Expenses Payment not to exceed \$ 8,250.00 except for a showing of good cause and as approved by the Court. To the extent the Administrator's Expenses are less, or the Court approves payment of less than \$8,250.00, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4 To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1 Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to the settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form by the Administrator. 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for alleged unpaid civil penalties and interest (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms by the Administrator. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$50,000 to be paid from the Gross Settlement Amount, with 75% (\$37,500) allocated to the LWDA PAGA Payment and 25% (\$12,500) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$12,500) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payments.

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

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Quadrtech estimates there are 324 Class Members who collectively worked a total of 21,237 Workweeks, and 315 Aggrieved Employees who worked a total of 20,018 PAGA Pay Periods.

4.2 Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Quadrtech will simultaneously deliver the Class Data to the Administrator, in

the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator's employees who need access to the Class Data to effect and perform under this Agreement. Quadrtech has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Quadrtech must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. Quadrtech shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Quadrtech's share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within 14 days after Quadrtech funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, the Class Representative Service Payment, and the Plaintiff General Release Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, the Class Representative Service Payment and the Plaintiff General Release Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

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

4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The

Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, as requested by the Class Member prior to the void date.

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

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

5. RELEASES OF CLAIMS. Effective on the date when Quadrtech fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiff's Release. Plaintiff and her respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under paragraph 5.2, below ("Plaintiff's Release"). Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits and workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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.

5.2 Release by Participating Class Members Who Are Not Aggrieved Employees: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action. Except as set forth in Paragraph 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

5.3 Release by Class Members Who Are Aggrieved Employees: All Class Members (Participating and Non-Participating) who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties and any other available relief pursuant to PAGA which was alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, the PAGA Notice, and ascertained in the course of the Action.

6. MOTION FOR PRELIMINARY APPROVAL. The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

6.1 Quadrtech's Declaration in Support of Preliminary Approval. Within 14 days of the full execution of this Agreement, Quadrtech will prepare and deliver to Class Counsel a signed Declaration from Quadrtech and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their Declarations, Defense Counsel and Quadrtech shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement, other than the Subsequent Matters described in Paragraph 2.7 above.

6.2 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and the Administrator; (vi) a signed declaration from Class Counsel attesting to its competency to represent the Class Members; its timely transmission to the LWDA

of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a), Operative Complaint (Labor Code section 2699, subd. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); (vii) a redlined version of the Parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (viii) all facts relevant to any actual or potential conflict of interest with Class Members, and the Administrator. In their Declarations, Plaintiff and Class Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement other than the Subsequent Matters described in Paragraph 2.7 above.

- 6.3 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.
- 6.4 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

- 7.1 Selection of Administrator. The Parties have jointly selected Phoenix Settlement Administrators to serve as the Administrator and verified that, as a condition of appointment, Phoenix Settlement Administrators agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for the Administration Expenses Payment. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

7.4 Notice to Class Members.

- 7.4.1 No later than three business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.
- 7.4.2 Using best efforts to perform as soon as possible, and in no event later than 10 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.
- 7.4.3 Not later than three business days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send the Class Notice to Class Members whose Class Notice is returned by the USPS a second time.
- 7.4.4 The deadlines for Class Members’ written objections, challenges to Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 60 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.
- 7.4.5 If the Administrator, Quadrtech or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever is later.

7.5 Requests for Exclusion (Opt-Outs).

- 7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 60 days after the Administrator mails the Class Notice (plus

an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

- 7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.
- 7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.
- 7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.
- 7.6 Challenges to Calculation of Workweeks. Each Class Member shall have 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email, or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination of the challenges.

7.7 Objections to Settlement.

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

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

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

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

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

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

7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to

Workweeks and/or PAGA Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must provide the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

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

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

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

8. CLASS SIZE ESTIMATES and ESCALATOR CLAUSE. Based on its records, Quadrtech estimates that, as of the date of this Settlement Agreement, (1) there are 324 Class Members and 21,237 Total Workweeks during the Class Period and (2) there were 315 Aggrieved Employees who worked 20,018 Pay Periods during the PAGA Period. If the actual number of Workweeks in the Class Period exceeds 30,000, the Gross Settlement Amount will be increased proportionally for every Workweek in excess of 30,000. For example, if the actual number of Workweeks in the Class Period is 30,300, then the Gross Settlement Amount will increase by 1%.

9. QUADRTECH’S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Quadrtech may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Quadrtech withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, that

Quadrtech will remain responsible for paying all Settlement Administration Expenses incurred to that point. Quadrtech must notify Class Counsel and the Court of its election to withdraw NOT LATER THAN SEVEN DAYS AFTER THE ADMINISTRATOR SENDS THE FINAL EXCLUSION LIST to Defense Counsel; late elections will have no effect.

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

- 10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.
- 10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Plaintiff General Release Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
- 10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.
- 10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties’ obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional expenses reasonably incurred by Administrator after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment and Plaintiff General Release Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

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

12. ADDITIONAL PROVISIONS.

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

12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Quadrtech and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter, including but not limited to, the Subsequent Matters; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees

- to immediately notify the other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Quadrtech and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that “the matter was resolved,” or words to that effect. This paragraph does not restrict Class Counsel’s communications with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.
- 12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel’s ability to communicate with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.
- 12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Quadrtech, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 12.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 12.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 12.8 No Tax Advice. Neither Plaintiff, Class Counsel, Quadrtech, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

- 12.9 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by the Parties or their representatives, and approved by the Court.
- 12.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 12.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 12.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during this Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Quadrtech in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a declaration confirming the final payout of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from Quadrtech unless, prior to the Court's discharge of the Administrator's obligation, Quadrtech makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.
- 12.15 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 12.16 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 12.17 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Cody Payne
Kim Nguyen
PAYNE NGUYEN, LLP
100 Wilshire Boulevard, Suite 700
Santa Monica, CA 90401

To Quadrtech Corporation:

TUCKER ELLIS LLP
Carmen A. Trutanich
Lisa I. Carteen
Maia Mdinardze
515 South Flower Street
Forty-Second Floor
Los Angeles, CA 90071

- 12.18 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 12.19 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

Dated: 04/19/2023 18:10 UTC

By: *Delmy Portillo de Hernandez*
Plaintiff Delmy Portillo de Hernandez

Dated: _____

By: _____
Quadrtech Corporation
Name: Goran Reil
Title: President

Dated: _____

By: _____
Plaintiff Delmy Portillo de Hernandez

Dated: 4/14/23

By:  _____
Quadrtech Corporation
Name: Goran Reil
Title: President

AS TO FORM:

Dated: _____

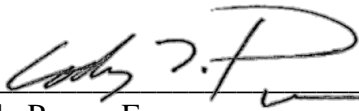
By: _____
Cody Payne, Esq.
Kim Nguyen, Esq.
PAYNE NGUYEN, LLP
Counsel for Plaintiff

Dated: 4/14/23

By:  _____
TUCKER ELLIS LLP
Carmen A. Trutanich
Lisa I. Carteen
Maia Mdinradze
Counsel for Quadrtech Corporation

AS TO FORM:

Dated: 4/19/2023

By: 
Cody Payne, Esq.
Kim Nguyen, Esq.
PAYNE NGUYEN, LLP
Counsel for Plaintiff

Dated: _____

By: _____
TUCKER ELLIS LLP
Carmen A. Trutanich
Lisa I. Carteen
Maia Mdinradze
Counsel for Quadrtech Corporation

EXHIBIT A

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

Delmy Portillo de Hernandez v. Quadrtech Corporation, Case No. 21STCV06572

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

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Quadrtech Corporation (“Quadrtech”) for alleged wage and hour violations. The Action was filed by a former Quadrtech employee Delmy Portillo de Hernandez (“Plaintiff”) and seeks payment of (1) back wages and other relief for a class of non-exempt employees, including temporary workers employed through temp agencies, (“Class Members”) who performed work for Quadrtech during the Class Period (March 22, 2018 to the date of preliminary approval); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all non-exempt employees, including temporary workers employed through temp agencies, who currently or formerly performed for Quadrtech during the PAGA Period (November 11, 2019 to the date of preliminary approval) (“Aggrieved Employees”).

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

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

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

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant Final Approval. Your legal rights are affected whether you do or do not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Quadrtech to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Quadrtech.

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

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

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

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

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

<p>You Don't Have to Do Anything to Participate in the Settlement</p>	<p>If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Quadrtech that are covered by this Settlement (Released Class Claims and Released PAGA Claims (if any).)</p>
<p>You Can Opt-out of the Class Settlement but not the PAGA Settlement</p> <p>The Opt-out Deadline is _____</p>	<p>If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and will no longer be eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. <i>See</i> Section 6 of this Notice.</p> <p>You cannot opt-out of the PAGA portion of the proposed Settlement. Quadrtech must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).</p>
<p>Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement</p> <p>Written Objections Must be Submitted by _____</p>	<p>All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. <i>See</i> Section 7 of this Notice.</p>

<p>You Can Participate in the _____ Final Approval Hearing</p>	<p>The Court’s Final Approval Hearing is scheduled to take place on _____. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. <i>See</i> Section 8 of this Notice.</p>
<p>You Can Challenge the Calculation of Your Workweeks/Pay Periods</p> <p>Written Challenges Must be Submitted by _____</p>	<p>The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many Workweeks you worked at least one day during the Class Period and how many PAGA Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Quadrtech’s records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. <i>See</i> Section 4 of this Notice.</p>

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former Quadrtech employee. The Action accuses Quadrtech of violating California labor laws by failing to pay overtime wages, minimum wages, wages due upon termination and failing to provide meal periods, rest breaks and accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, *et seq.*) (“PAGA”). Plaintiff is represented by attorneys in the Action: Payne Nguyen, LLP (“Class Counsel”).

Quadrtech strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

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

So far, the Court has made no determination whether Quadrtech or Plaintiff is correct on the merits. In the meantime, Plaintiff and Quadrtech hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an end to the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Quadrtech have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Quadrtech does not admit any violations or concede the merit of any claims.

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

scheduled a hearing to determine Final Approval.

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

1. Quadrtech Will Pay \$490,000 as the Gross Settlement Amount (Gross Settlement). Quadrtech has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Plaintiff General Release Payment, Class Counsel's attorney's fees and expenses, the Administrator's expenses, and penalties to be paid to the LWDA. Assuming the Court grants Final Approval, Quadrtech will fund the Gross Settlement not more than 14 days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - A. Up to \$163,333.33 (1/3 of the Gross Settlement) to Class Counsel for attorneys' fees and up to \$15,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - B. Up to \$7,500 to Plaintiff as a Class Representative Service Payment for filing the Action, working with Class Counsel and representing the Class. A Class Representative Service Payment will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
 - C. Up to \$8,250 to the Administrator for services administering the Settlement.
 - D. Up to \$50,000 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

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

3. Net Settlement Amount distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement Amount (the "Net Settlement Amount") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.
4. Taxes Owed on Payments to Class Members. Plaintiff and Quadrtech are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages ("Wage Portion") and 80% to interest and penalties ("Non-Wage Portion"). The Wage

Portion is subject to withholdings and will be reported on IRS W-2 Forms. Quadrtech will separately pay employer payroll taxes it owes on the Wage Portion.) The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portion of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Quadrtech have agreed to these allocations, neither side is giving you any advice on whether your payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

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

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

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

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

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Quadrtech have agreed that, in either case, the Settlement will be void: Quadrtech will not pay any money and Class Members will not release any claims against Quadrtech.
8. Administrator. The Court has appointed a neutral company, Phoenix Settlement Administrators (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class

Member Challenges over Workweeks, mail and re- mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

9. Participating Class Members' Release. After the Judgment is final and Quadrtech has fully funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Quadrtech or related entities for wages based on the Class Period facts and PAGA Penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action. Except as set forth in Section 6.3 of the Settlement Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Quadrtech has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Quadrtech, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Quadrtech or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows:

All Participating and Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties, from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, the PAGA Notice, and ascertained in the course of the Action.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$12,500 by the total number of PAGA Pay Periods worked by all Aggrieved Employees, and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual Aggrieved Employee.
3. Workweek/Pay Period Challenges. The number of Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Quadrtech's records, are stated in the first page of this Notice. You have until _____ to challenge the number of Workweeks and/or PAGA Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email, or fax. Section 9 of this Notice has the Administrator's contact information.

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

5. HOW WILL I GET PAID?

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

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

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

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will

exclude you based on any writing communicating your request to be excluded. Be sure to personally sign your request, identify the Action as *Delmy Portillo de Hernandez v. Quadrtech Corporation*, Case No. 21STCV06572 and include your identifying information (full name, address, telephone number, approximate service dates with Quadrtech, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid.** Section 9 of this Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Quadrtech are asking the Court to approve. At least 16 court days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Payment stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Payment. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website _____ (url) or the Court's website <https://www.lacourt.org/>.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Payment may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is _____.** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action as *Delmy Portillo de Hernandez v. Quadrtech Corporation*, Case No. 21STCV06572 and include your name, current address, telephone number, and approximate service dates with Quadrtech, and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _____ at _____ (time) in Department 55 of the Los Angeles Superior Court, located at 111 North Hill Street, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and

Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via LACourtConnect (<http://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ (url) _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Quadrtech and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to the Administrator's website at _____ (url) _____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to <https://www.lacourt.org/casesummary/ui/index.aspx> and entering the Case Number for the Action, Case No. 21STCV06572. You can also make an appointment to personally review court documents in the Clerk's Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

Cody Payne
Kim Nguyen
PAYNE NGUYEN, LLP
100 Wilshire Blvd., Suite 700
Santa Monica, CA 90401
Telephone: (310) 360-9882

Settlement Administrator:

Phoenix Settlement Administrators

Email Address:

Mailing Address:

Telephone:

Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void, you should consult the Unclaimed Property Fund for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

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

EXHIBIT 3

Subject: Thank you for your Proposed Settlement Submission

Date: Thursday, June 22, 2023 at 12:30:21 PM Pacific Daylight Time

From: DIR PAGA Unit

To: cody@paynellp.com

06/22/2023 12:29:31 PM

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

Item submitted: Proposed Settlement

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

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

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