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22 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

23 **FOR THE COUNTY OF VENTURA**

24 ELIZABETH BARRAGAN and
25 ROSALINDA GUZMAN, individually
26 and on behalf of all others similarly situated,

27 Plaintiffs,

28 v.

Natrol LLC, a California Limited Liability
Corporation; Vytalogy Wellness L.L.C., a
Delaware Limited Liability Corporation.

Defendants.

Case No. 56-2022-00567731-CU-OE-VTA

**JOINT STIPULATION AND SETTLEMENT
AGREEMENT OF CLASS ACTION AND
PAGA CLAIMS**

Complaint Filed: July 06, 2022

1 This Joint Stipulation and Settlement Agreement of Class Action and PAGA Claims
2 (“Stipulation of Settlement” or “Settlement”) is made and entered into by and between Plaintiffs
3 Elizabeth Barragan and Rosalinda Guzman (hereinafter referred to as “Class Representatives” or
4 “Plaintiffs”) and on behalf of the Class Members and Aggrieved Employees (as defined below) and
5 Defendants Natrol LLC (“Natrol”) and Vytology Wellness L.L.C (“Vytology”), (collectively
6 “Defendants”). Plaintiffs and Defendants are collectively referred to hereinafter as the “Parties”.

7 THE PARTIES STIPULATE AND AGREE as follows:

8 **DEFINITIONS**

9 1. “**Action**” shall mean the action entitled Elizabeth Barragan *et al. v. Natrol LLC and*
10 *Vytology Wellness LLC*. filed in Ventura Superior Court (Case Number 56-2022-00567731-CU-OE-
11 VTA).

12 2. “**Aggrieved Employee**” shall mean Plaintiffs and all individuals: (1) who were
13 employed by Natrol as non-exempt hourly-paid employees and worked at least one shift in California
14 from November 25, 2020 through December 31, 2021 or (2) who are or were employed by Vytology
15 from January 1, 2022 through May 1, 2022. Defendants represent that the Aggrieved Employees
16 consist of approximately 422 individuals during the PAGA Period.

17 3. “**Class Counsel**” shall mean Craig Ackermann of Ackermann & Tilajef, P.C. and Amir
18 Seyedfarshi of Employment Rights Law Group, APC.

19 4. “**Class Members**” shall mean Plaintiffs and all individuals: (1) who were employed by
20 Natrol as non-exempt hourly-paid employees and worked at least one shift in California from June 1,
21 2018 through December 31, 2021; or (2) who are or were employed by Vytology from January 1, 2022
22 through May 1, 2022. (“Settlement Class Members”). Defendants represent that there are
23 approximately 500 Class Members.

24 5. “**Class Notice Packet**” means the Class Notice (Exhibit B to this Agreement), the
25 Notice of Estimated Settlement Share (Exhibit C to this Agreement), and the Request for Exclusion
26 Form (Exhibit D to this Agreement).

27 6. “**Class Period**” shall mean June 1, 2018 through May 1, 2022.

28 7. “**Class Released Claims**” shall mean those claims Class Members agree to release and

1 waive as described in this Agreement.

2 8. **“Class Representatives”** or **“Plaintiffs”** shall mean Plaintiffs Elizabeth Barragan and
3 Rosalinda Guzman.

4 9. **“Compensable Work Week”** means each week a Class Member worked for a
5 Defendant as a non-exempt employee from June 1, 2018 through May 1, 2022, no matter the number
6 of days worked in such workweek. Thus, partial workweeks worked will be rounded up and counted
7 as a week worked.

8 10. **“Complaint”** shall mean the complaint for the lawsuit entitled *Elizabeth Barragan, et*
9 *al. v. Natrol LLC and Vytalogy Wellness L.L.C.*, attached as Exhibit A to this Agreement, which is
10 filed in Ventura Superior Court, Case number 56-2022-00567731-CU-OE-VTA .

11 11. **“Court”** shall mean the Superior Court of the State of California for the County of
12 Ventura.

13 12. **“Court’s Final Order and Judgment”** means the Final Order Approving Class Action
14 and PAGA Settlement, and Judgment entered by the Court in a form substantially the same as that
15 evidenced by Exhibit F to this Agreement.

16 13. **“Defendants’ Counsel”** shall mean Benjamin Hill, Esq.

17 14. **“Final Approval Hearing”** shall mean the hearing whereat the Court shall consider,
18 without limitations, any timely objections to the Settlement from Settlement Class Members,
19 testimony from the Parties or their counsel, declarations regarding the notice process from the
20 Settlement Administrator, and otherwise make a final determination regarding the fairness of the
21 Settlement Agreement as set forth herein.

22 15. **“Final Judgment”** shall mean the Court’s Final Order and Judgment.

23 16. **“Maximum Payment”** shall refer to Four Hundred Twenty Thousand Dollars and Zero
24 Cents (\$420,000.00), which is the maximum amount that Defendants will pay pursuant to this
25 Settlement, excluding Defendants’ share of payroll taxes (which shall be paid by Defendants
26 separately).

27 17. **“Incentive Awards”** shall mean the payments made to Plaintiffs in their capacity as
28 Class Representatives, which sums are over and above their Individual Settlement Payments.

1 18. **“Individual Settlement Payment”** will be the portion of the Net Settlement Amount
2 payable to a Settlement Class Member.

3 19. **“PAGA”** shall mean the California Labor Code Private Attorneys General Act, Labor
4 Code §§ 2698 *et seq.*

5 20. **“PAGA Payment”** means the payment to the State of California LWDA and the
6 Aggrieved Employees in settlement of all claims for PAGA penalties.

7 21. **“PAGA Employee Payments”** means the payment issued to each Aggrieved
8 Employee for his/her/their share of the PAGA Payment.

9 22. **“PAGA Period”** shall mean November 25, 2020 through May 1, 2022.

10 23. **“Parties”** shall refer to the Plaintiffs and Defendants, each of whom is a “Party.”

11 24. **“QSF”** shall mean the Qualified Settlement Fund established by the Settlement
12 Administrator for the benefit of all Settlement Class Members and from which the net settlement
13 amount and appropriate payroll taxes shall be paid. The QSF shall be at all times a “Qualified
14 Settlement Fund” for federal income tax purposes pursuant to Treasury Regulation § 1.468B-1 and
15 the QSF administrator within the meaning of Treasury Regulation § 1.468B-2(k), shall be the
16 administrator who shall comply with all applicable QSF requirements.

17 25. **“Released Parties”** collectively shall encompass Defendants and all of their former
18 and present parents, subsidiaries, successors, related and affiliated corporations and entities, and each
19 of their respective officers, directors, shareholders, members, employees, partners, attorneys,
20 contractors, owners, insurers, representatives, agents, predecessors, successors, and assigns.

21 26. **“Settlement Administrator”** shall mean Atticus Administration, LLC or another
22 administrator to be agreed upon by the Parties, as approved by the Court, who will perform all
23 settlement administration procedures and functions expressly required in this Agreement including,
24 but not limited to, (i) issuing and mailing the Class Notice Packet and any related correspondence to
25 Class Members; (ii) tracking and addressing returned Notices and Exclusion Forms; (iii) sending out
26 cure or follow up letters to Class Members as necessary; (iv) notifying the Parties of any objections to
27 the Settlement; (v) calculating, processing, reviewing and paying all amounts due to each eligible
28 Class Member; (vi) calculating tax withholdings and payroll taxes and preparing all appropriate tax

1 documents and making related payments to federal and/or tax authorities and issuing tax forms related
2 to all applicable payments made pursuant to the Settlement; (vii) notifying the Parties of and resolving
3 any questions or disputes regarding claims submitted by Class Members; (viii) processing and paying
4 any other costs, fees or expenses incurred and/or charged in connection with the execution of its duties
5 consistent with this Agreement; (ix) depositing unclaimed funds from the settlement to California's
6 Unclaimed Property Fund.

7 27. "Settlement Class Members" shall mean the individual Class Members who did not
8 opt-out of the Settlement by submitting a valid request for exclusion.

9 RECITALS

10 28. On November 25, 2021, Plaintiffs sent Natrol and the Labor Workforce and
11 Development Agency (the "LWDA") a notice of PAGA claim which outlined the various violations
12 of the Labor Code and other statutes that Plaintiffs alleged were occurring at Natrol's California
13 locations with respect to non-exempt workers. (LWDA Case No. LWDA-CM-854615-21). The notice
14 alleges that Natrol: (1) failed to pay all wages earned by California workers, including the required
15 minimum wage for all hours worked and overtime wages; (2) failed to pay timely wages; (3) failed to
16 pay final wages; and (4) failed to provide complete and accurate wage statements. The correspondence
17 alleged that the aforementioned acts gave rise to the following violations: failure to pay all wages and
18 minimum wage violations (Cal. Lab. Code §§ 1194, 1194.2, 1197, 1197.1); waiting time penalties
19 (Cal. Lab. Code § 203); inaccurate wage statements (Cal. Lab. Code §§ 226, 226.2); failure to pay all
20 wages by the appropriate pay period (Cal. Lab. Code § 204); failure to comply with conditions set
21 forth by the applicable Wage Order (Cal. Lab. Code § 1198); unfair business practices (Cal. Bus. &
22 Prof. Code § 17200); and PAGA (Cal. Lab. Code § 2699, et seq.).

23 29. On May 5, 2022, Plaintiff sent Vytalogy and the LWDA a notice of PAGA claim which
24 supplemented Plaintiff's initial PAGA Notice to add Vytalogy as an additional defendant and to allege
25 the same facts and claims against Vytalogy as alleged against Natrol in the initial PAGA Notice. The
26 initial PAGA Notice was incorporated by reference herein in its entirety.

27 30. On June 8, 2022, Plaintiffs sent Defendants and the LWDA a notice of PAGA claim
28 which outlined the various violations of the Labor Code and other statutes that Plaintiffs alleged were

1 occurring at Defendants' California locations with respect to non-exempt workers. A true and correct
2 copy of Plaintiffs' notice of PAGA claim is attached to this Agreement as Exhibit G and hereby
3 incorporated by reference. The LWDA did not respond to the notice.

4 31. In their forthcoming Complaint, Plaintiffs will allege causes of action for: (1) failure to
5 pay minimum wages; (2) failure to pay overtime wages; (3) unpaid meal and rest period premiums;
6 (4) failure to provide complete and accurate wage statements; (5) failure to pay final wages; (6) failure
7 to pay timely wages; and (7) failure to reimburse business expenses; and (8) UCL violations; and (9)
8 PAGA penalties. A true and correct copy of Plaintiffs' complaint is attached to this Agreement as
9 Exhibit A_ and hereby incorporated by reference.

10 32. The Parties exchanged material information relevant to class certification, the merits of
11 the Action and damages issues related thereto. In that regard, Defendants provided Plaintiffs, among
12 other things, with informal discovery which included a statistically significant sample of payroll and
13 time records.

14 33. Following an exchange of informal discovery, the Parties attended a full-day, private
15 mediation with Nikki Tolt serving as the neutral on April 26, 2022. In the weeks following the
16 mediation, the Parties agreed to the terms of this settlement.

17 34. Plaintiffs believe the Action is meritorious based on alleged violations of California's
18 wage and hour laws and the Action is appropriate for class action treatment. Defendants deny any
19 liability or wrong doing of any kind associated with the alleged claims, and contend that, for any
20 purpose other than settling this Action, this Action is not appropriate for class action or representative
21 treatment.

22 35. Defendants further deny all allegations asserted in the Complaint and that it has no
23 liability for any of Plaintiffs' or the Class Members' claims under any statute, wage order, rule,
24 regulation, common law or equitable theory because Defendants' policies and practices have, at all
25 times, fully complied with all applicable California and federal law. Defendants also contend that, if
26 the Action was to be further litigated, they would have meritorious defenses thereto as to the merits,
27 damages and class certification.

28 36. It is the Parties' desire to fully, finally and forever settle, compromise and discharge all

1 disputes and claims arising from or related to the allegations of this Action.

2 37. It is the Parties' intention that this Stipulation of Settlement shall constitute a full and
3 complete settlement and release of all Class Released Claims and all PAGA Released Claims against
4 all Released Parties.

5 38. It is the Parties' intention that this Settlement shall not become effective until the
6 Effective Date.

7 39. Class Counsel has conducted an in-depth investigation and analysis regarding the
8 suitability of the named Plaintiffs' claims for class treatment; the adequacy of the named Plaintiffs to
9 represent the proposed class; other class certification requirements; the merits of the liability issues;
10 and the amount of damages allegedly owed to Class Members. Class Counsel's investigation consisted
11 of: (1) reviewing a statistically significant sample of payroll and time records; (2) interviewing
12 members of the Class about their work experiences; (3) reviewing Defendants' policies and procedures
13 relevant to Plaintiffs' claims; and (4) researching the applicable law. Based on this independent
14 investigation and evaluation, Class Counsel is of the opinion, based upon the foregoing investigation,
15 analysis and discovery, after performing a thorough study of the law and facts relating to the claims
16 asserted in the Complaint, taking into account the sharply disputed factual and legal issues involved,
17 the various risks attending further prosecution to trial and judgment, the uncertainties of complex
18 litigation, the strong likelihood of further appeals as litigation continues, the expense and time
19 necessary to litigate the Action through trial and the substantial benefits to be received by the class
20 pursuant to the compromise and settlement of the Action, that the Settlement is fair, reasonable and
21 adequate and is in the best interest of Plaintiffs and the Class Members.

22 40. Defendants have denied and continue to deny each and every material factual
23 allegation, asserted claim as to liability, damages, penalties, interest, fees, costs and all other forms of
24 relief including all allegations and claims asserted in the Action. Nothing herein shall constitute an
25 admission by Defendants of any wrongdoing or liability or of the truth of any factual allegations in
26 the Action. Nothing herein shall constitute an admission by Defendants that the Action is properly
27 brought on a class or representative basis other than for settlement purposes. This Agreement and the
28 settlement contained therein are a compromise of disputed claims as Defendants have concluded that

1 further litigation to be protracted and expensive and would also divert management and employee
2 time. Defendants have taken into account the uncertainty and risks inherent in litigation and has,
3 therefore, concluded it is desirable the Action be fully and finally settled in the manner and upon the
4 terms and conditions agreed upon set forth in this Agreement.

5 41. The Parties agree to cooperate and take all steps necessary and appropriate to
6 consummate this settlement in accordance with the terms of this Stipulation of Settlement.

7 42. Nothing contained in this Agreement shall be construed or deemed an admission of
8 liability, culpability, negligence or wrongdoing on the part of Defendants. Each of the Parties has
9 entered into this Agreement with the intention to avoid further disputes and litigation with the attendant
10 inconvenience and expenses. This Agreement is a settlement document and shall be inadmissible in
11 evidence in any proceeding except an action or proceeding to approve, interpret, or enforce its terms.

12 43. The Parties agree that the Court shall certify a class solely for the purpose of
13 implementing the terms of this Settlement.

14 **DUTIES OF THE PARTIES PRIOR TO**
15 **COURT PRELIMINARY APPROVAL OF THIS SETTLEMENT AND AGREEMENT**

16 The Parties shall submit this Agreement to the Court in support of a Motion for Preliminary Approval
17 of the Settlement for a determination by the Court as to its fairness, adequacy and reasonableness.
18 Promptly upon execution of this Agreement, the Parties shall apply to the Court for the entry of an
19 Order Granting Preliminary Approval of the Settlement, Notice and Exclusion Form substantially in
20 the following forms:

- 21 (a) Scheduling a preliminary fairness hearing on the question of whether the proposed Settlement
22 should be conditionally approved as fair, reasonable and adequate for settlement purposes as
23 to the Class and Aggrieved Employees;
- 24 (b) Approving as to form and content the proposed Notice and Exclusion Form attached hereto as
25 Exhibits B and D respectively;
- 26 (c) Directing the mailing of the Notice and Exclusion Form by first-class mail and email to all
27 Class Members;
- 28 (d) Preliminarily approving the proposed settlement;

- 1 (e) Preliminarily certifying the Class for purposes of Settlement;
- 2 (f) Approving Craig Ackermann from ACKERMANN & TILAJEF, P.C., and Amir H.
3 Seyedfarshi from EMPLOYMENT RIGHTS LAW GROUP, APC, as Class Counsel, Plaintiffs
4 as Class Representative and Atticus Administration, LLC as the Claims Administrator;
- 5 (g) Entering an Order stating that pending final approval of the Settlement and Agreement, all
6 Settlement Class Members who do not timely submit a valid Exclusion Form are barred from
7 instituting, prosecuting and participating in any other proceedings or actions which fall within
8 the definition of the Class Released Claims against any of the Released Parties and that any
9 pending actions asserting such Class Released Claims against the Released Parties, whether
10 administrative, in court or arbitration, are stayed on an interim basis until the Court later
11 determines whether to grant Final Approval of the Settlement and this Agreement; and
- 12 (h) Setting a date for a Final Approval Settlement Fairness Hearing.

13 **CONDITIONS PRECEDENT TO SETTLEMENT TAKING EFFECT**

14 44. The Parties enter into this Agreement and the settlement contained therein on a
15 conditional basis. The Agreement and settlement is contingent upon, and will become final and
16 effective, only upon the occurrence of all of the following events: (1) the Court entering an Order
17 granting preliminary approval of the settlement and conditional certification of a Class for settlement
18 purposes only in substantially the same form as Exhibit E); (2) the Settlement Administrator mailing
19 the Class Notice Packet to Class Members in accordance with the Court's Order granting preliminary
20 approval of the Settlement; (3) the Court setting and later conducting a fairness hearing; (4) the Court
21 later entering an Order granting final approval of the Settlement and a Judgment in substantially the
22 same form as Exhibit F); and (5) the Effective Date occurring and any challenge to the Settlement,
23 whether by objection or appeal, is definitively resolved in favor or enforcement of the Settlement.

24 45. Unless the Court orders otherwise or as otherwise agreed upon in writing by the Parties,
25 this Agreement shall be deemed null and void unless each of the above conditions occurs.

26 **CONSEQUENCES OF SETTLEMENT NOT BECOMING EFFECTIVE**

27 46. This Agreement is contingent upon each of the foregoing conditions precedent
28 occurring and is entered into voluntarily by the Parties for settlement purposes only. If the Court does

1 not grant preliminary or final approval of this settlement or, if appealed, the settlement is not affirmed,
2 or if the settlement does not become effective for any other reason, the Parties agree that conditional
3 class certification for settlement purposes only will automatically be deemed revoked as of that date.
4 In the event that the conditional class certification for settlement purposes is deemed revoked, the class
5 certification for settlement purposes only shall have no precedential value and it shall not be introduced
6 into evidence or used for any other purpose. To the extent this Agreement is deemed void, the
7 conditional certification of the class shall be void and of no further effect and all matters covered by
8 this Agreement and the releases contained herein shall be null and void. In such event, nothing in this
9 Agreement or any draft thereof, or of the discussion, negotiation, documentation, other part or aspect
10 of the Parties' settlement discussions leading to the execution of this Agreement or any document
11 submitted to the Court in support of this Agreement or Court approval thereof, shall have any effect,
12 nor shall any such matter be admissible in evidence for any purpose in the Action or in any other
13 proceeding or forum, nor shall any such matter be used or construed by or against any Party as a
14 determination, admission or concession of any issue of law or fact in this, or any other litigation or
15 proceeding, the Parties do not waive, and instead expressly reserve, their respective rights with respect
16 to the prosecution and defense of the Action as if this Agreement never existed and it shall have no
17 precedential or res judicata value or effect in this Action or in any other case, shall be of no force or
18 effect whatsoever, shall not be referred to or utilized for any purpose whatsoever and shall not be
19 introduced into evidence for any purpose at any time.

20 **TERMS OF SETTLEMENT**

21 47. In consideration of the mutual covenants, promises and agreements set forth herein, the
22 Parties agree, subject to the Court's approval, to the terms herein.

23 48. It is agreed by and between Plaintiffs and Defendants that this Action and any claims,
24 demands, liabilities, penalties, damages or causes of action of any kind whatsoever claimed by
25 Plaintiffs on behalf of themselves, the Class Members, and/or the Aggrieved Employees arising out
26 of the disputes as outlined in Plaintiffs' PAGA Notices (LWDA Case No. LWDA-CM-854615-21),
27 and Plaintiffs' Complaint attached as Exhibit A, which are the subject of this Action, be settled and
28 compromised, subject to the terms and conditions set forth in this Stipulation of Settlement and the

1 Court's approval.

2 49. Effective Date: The settlement embodied in this Stipulation of Settlement shall become
3 effective on the first day following the Court's Order Granting Final Approval of Class Action
4 Settlement and Judgment thereon become final. For purposes of this paragraph, "final" means:

5 (a) no objections to the Settlement have been filed and/or were filed and withdrawn prior
6 to the Court entering its Order Granting Final Approval of Class Action Settlement and
7 Judgment;

8 (b) if objections to the Settlement were filed and not withdrawn and no appeal, including,
9 but not limited to, Plaintiffs' appeal of any reduction in the amount of attorneys' fees requested
10 by Class Counsel awarded by the Court as described in this Agreement or a review or writ is
11 sought from the Final Judgment;

12 (c) thirty-five (35) calendar days after entry of the Final Judgment; and

13 (d) if rehearing, reconsideration and/or appellate review of the Final Judgment is sought,
14 the day after any and all avenues of rehearing, reconsideration and appellate review have been
15 exhausted and no further review, reconsideration or appellate review is permitted and the time
16 for seeking such relief has expired and Final Judgment has not been modified, amended or
17 reversed in any way.

18 50. Maximum Payment: To implement the terms of this Settlement, Defendants agree to
19 pay a maximum total payment of Four Hundred Twenty Thousand Dollars and Zero Cents
20 (\$420,000.00) (the "Maximum Payment").

21 (a) Disbursements from the Maximum Payment will be made as follows: (1) up to
22 \$140,000 for Class Counsel's attorneys' fees subject to Court approval; (2) up to \$7,500 for
23 Class Counsel's litigation costs subject to Court approval; (3) up to \$20,000 in Incentive
24 Awards to the Class Representatives (i.e., \$10,000.00 to each of the Class Representatives)
25 subject to Court approval; (4) up to \$9,500.00 for the Settlement Administrator to administer
26 the settlement; (5) \$25,000.00 as the PAGA Payment; and (6) the "Remainder" or "Net
27 Settlement Amount" to pay Settlement Class Members.

28 (b) The Remainder of the Maximum Payment available to pay Settlement Class Members

1 pursuant to the formula described in this Agreement will result in a complete distribution of
2 that portion of the settlement.

3 (c) In no event shall Defendants be responsible for paying more than Four Hundred Twenty
4 Thousand Dollars and Zero Cents (\$420,000.00), exclusive of the portion of the appropriate
5 employer payroll taxes owed on the “Remainder” which will be paid out of the QSF and
6 handled by the Settlement Administrator.

7 51. Attorneys’ Fees: Plaintiffs request, and Defendants do not oppose, an award of
8 attorneys’ fees of thirty-three percent (33.33%) of the Maximum Payment (or \$140,000.00) to
9 compensate Class Counsel for all of the work already performed in this case and all work remaining
10 to be performed in documenting the Settlement, securing Court approval of the Settlement,
11 administering the Settlement, ensuring the Settlement is fairly administered and implemented and
12 obtaining dismissal of the Action. Any amount of attorneys’ fees awarded by the Court to Class
13 Counsel will constitute complete consideration to Class Counsel for all work they perform to date and
14 to be performed and incurred in the future through the termination of the Action and consummation
15 of the Settlement. In the event that the Court awards attorneys’ fees or costs less than requested by
16 Class Counsel, any portion of the requested amounts not awarded to Class Counsel shall become part
17 of the Remainder and not revert back to Defendant. The Parties agree that a reduction by the Court in
18 the attorneys’ fees awarded Class Counsel is not a basis for rendering the entire Settlement voidable
19 or unenforceable.

20 52. Class Counsel Costs: Plaintiffs request, and Defendants do not oppose, payment to
21 Class Counsel of their reasonable litigation costs from the Maximum Payment for the costs and
22 expenses incurred by Class Counsel in prosecuting the Action and implementing the terms of this
23 Settlement. The Parties agree that a reduction by the Court in the requested litigation costs awarded
24 Class Counsel is not a basis for rendering the Settlement voidable or unenforceable and shall become
25 part of the Remainder. The Settlement Administrator will issue Class Counsel an IRS Form 1099 for
26 their attorneys’ fees and costs. The amount paid for Plaintiffs’ counsel costs shall not exceed Seven
27 Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) and shall be reimbursed in addition to
28 and separate from their attorneys’ fees.

1 53. Class Representatives' Incentive Awards: Plaintiffs request, and Defendants do not
2 oppose, Incentive Awards for the Class Representatives in the amount of \$20,000 (\$10,000 to each of
3 the Class Representatives) from the Maximum Payment. Subject to Court approval and their execution
4 of a general release in favor of Defendants as specified in this Agreement), Defendants agree to pay
5 the Class Representatives a total Incentive Award of \$20,000 from the Maximum Payment as an
6 enhancement for their service as Class Representatives in the Action in addition to any payment they
7 may otherwise receive as a Settlement Class Member. The Parties agree that a reduction by the Court
8 in the Class Representative's enhancement is not a basis for rendering the settlement voidable or
9 unenforceable. In the event the Court awards a Class Representative Incentive Award less than the
10 amount requested, the portion of the requested amount not awarded shall become a part of the
11 Remainder and not revert back to Defendants. The Settlement Administrator on behalf of Defendants
12 will issue an IRS Form 1099 for any Class Representative Incentive Award. The Class Representatives
13 will be responsible for correctly characterizing this compensation for tax purposes and paying any
14 taxes owing on the Incentive Award.

15 54. Settlement Administration Costs. All claims administration costs awarded by the Court
16 shall be paid from the Maximum Payment and not exceed Nine Thousand Five Hundred Dollars and
17 Zero Cents (\$9,500.00), which the Parties presently estimate to be the settlement administration costs
18 based upon the number of Class Members being approximately 500.

19 55. Payment to Labor Workforce and Development Agency: The Parties agree to designate
20 \$25,000 of the Maximum Payment as payment for civil penalties pursuant to PAGA. Seventy-five
21 percent (75%) of the \$25,000, or \$18,750 shall be paid to the LWDA and 25%, or \$6,250 shall be paid
22 to the Aggrieved Employees. Class Members who are Aggrieved Employees shall release their PAGA
23 claims in their entirety and may not opt out of or object to the PAGA release. With respect to the
24 PAGA portion of the Settlement, only Aggrieved Employees will be eligible to share in the PAGA
25 recovery. All Aggrieved Employees regardless of whether he/she/they timely filed a valid Exclusion
26 Form or whether he/she/they timely and validly opted out of participation in the Settlement will receive
27 a check for PAGA penalties. To arrive at the PAGA Employee Payments, the portion of the PAGA
28 Payment allocated to the Aggrieved Employees shall be divided among the Aggrieved Employees on

1 a pro-rata basis, based upon the following:

- 2 a. Each Aggrieved Employee's weeks worked count, which shall be the sum of the total
- 3 number of weeks the Aggrieved Employee worked during the PAGA Period;
- 4 b. Divided by the combined sum of all Aggrieved Employees' weeks worked during the
- 5 PAGA Period; and
- 6 c. Multiplied by the value of the portion of the PAGA Payment allocated to the Aggrieved
- 7 Employees.

8 56. Allocation of the Maximum Payment: Subject to Court approval and the conditions
9 specified in this Agreement, and in consideration of the mutual covenants and promises set forth
10 herein, the Parties agree the Maximum Payment shall encompass the following: (1) Class Counsel's
11 fees; (s) Class Counsel's Costs; (3) the Plaintiffs' Incentive Awards; (4) the Settlement
12 Administrator's costs; (5) the PAGA Payment (including both the PAGA payment to the LWDA and
13 the PAGA Employee Payments); and (6) the Net Settlement Amount. After the deduction of the
14 amounts approved for the Incentive Awards to the Class Representatives, the PAGA Payment, the
15 Settlement Administrator's costs, Class Counsel's fees and expenses, the remainder shall be referred
16 to as the Remainder. Concerning the non-PAGA portion of the Settlement, the Claims Administrator
17 will divide the Remainder by the total number of Compensable Work Weeks worked by all Class
18 Members who were employed by either for Defendant during the Class Period who receive the Notice.
19 This will yield the "Dollar Value" for each Compensable Work Week. A Class Member's Individual
20 Claim Amount will be determined by multiplying the Dollar Value for each Compensable Work Week
21 by the total number of Compensable Work Weeks worked during the Class Period by each Class
22 Member.

- 23 a. The Parties agree that if any Settlement Class Member disputes the basis for
- 24 determining their share of the Settlement, Defendants' records shall presumptively
- 25 control unless the Settlement Class Member can produce documentation evidence of
- 26 other weeks worked during the relevant time period. The Parties further agree that any
- 27 dispute that cannot be resolved by Class Counsel and Defendants' counsel may be
- 28 brought before the Court before final approval of the Class Settlement.

- 1 b. To the extent that amounts of attorneys' fees, costs, and Incentive Awards as
2 contemplated herein are not approved by the Court, such amounts will be reallocated
3 to the Net Settlement Amount unless allocated otherwise by agreement of the Parties,
4 with approval of the Court, or by the Court.
- 5 c. Ten percent (10%) of the Net Settlement Amount distributed to each Settlement Class
6 Member will be considered wages, and will be reported as such to each Settlement
7 Class Member on an IRS Form W-2. The Parties agree that ninety percent (90%) of the
8 Net Settlement Amount distributed to each Settlement Class Member will be
9 considered penalties and interest, and will be reported as such to each Settlement Class
10 Member on an IRS Form 1099 misc., if applicable. The Parties further agree that the
11 PAGA payment distributed to each Aggrieved Employee will be treated entirely as civil
12 penalties, and will be reported as such to each Aggrieved Employee on an IRS Form
13 1099-Misc, if applicable.
- 14 d. Class Members will be solely responsible for all tax obligations related to the
15 Remainder of the payments distributed to them under this Agreement. Prior to mailing
16 any settlement payments to Settlement Class Members, the Settlement Administrator
17 shall calculate and deduct required withholdings and payroll taxes from each
18 Settlement Class Member's Individual Settlement Payment attributable to wages. The
19 back of each settlement check tendered to each Settlement Class Member above the
20 endorsement line shall state: "By cashing this check and/or future payments, I reiterate
21 my agreement to the release set forth in the Agreement including release of wage and
22 hour claims under the California Labor Code based on the same factual predicate as the
23 Complaint." The Settlement Administrator shall provide, as appropriate, an IRS Form
24 W-2 and Form 1099 to each Settlement Class Member, Class Representative and Class
25 Counsel. Any taxes due as a result of income earned by the QSF will be imposed upon
26 and paid from the QSF.
- 27 e. Within ten (10) calendar days of the transfer of the entire Maximum Payment to the
28 Settlement Administrator, and only upon the Effective Date being met, the Settlement

1 Administrator shall issue to each Settlement Class Member his/her/their Individual
2 Settlement Payment.

- 3 f. Any portion of the Net Settlement Amount not cashed within one-hundred eighty (180)
4 days from the date of issuance of the check shall be sent to the State of California's
5 unclaimed property fund in the name of the individual who failed to cash his or her
6 check.

7 57. Funding of Settlement Amount: Defendants shall transfer to the Settlement
8 Administrator the Maximum Payment within ten days after the Court grants the Final Approval of the
9 Settlement. Defendants shall transfer the Maximum Payment as a deposit into a Qualified Settlement
10 Fund ("QSF") to be established by the Settlement Administrator. The QSF shall be an interest-bearing
11 account at a federally-insured bank that is mutually acceptable to the Parties and the Settlement
12 Administrator. The funds in the QSF shall be invested either in short-term U.S. Treasury securities
13 with maturity dates of less than 90 days at the time of deposit, or in an SEC-registered money market
14 fund investing exclusively in U.S. Treasury securities with average maturities of less than 90 days and
15 rated AAA by Standard & Poor's. The Parties agree that the QSF is intended to be a "Qualified
16 Settlement Fund" under Section 468B of the Internal Revenue Code and Treas. Reg. § 1.468B-1, 26
17 C.F.R. § 1.468B-1, et seq., and will be administered by the Settlement Administrator as such. With
18 respect to the QSF, the Settlement Administrator shall: (1) open and administer the Settlement Account
19 in such a manner as to qualify and maintain the qualification of the QSF as a "Qualified Settlement
20 Fund" under Section 468B of the Internal Revenue Code and Treas. Reg. § 1.468B-1; (2) satisfy all
21 federal, state and local and income and other tax reporting, return, and filing requirements with respect
22 to the QSF and any interest or other income earned by the QSF, and (3) satisfy out of the QSF all (i)
23 taxes (including any estimated taxes, interest, or penalties) with respect to the interest or other interest
24 earned by the QSF, and (ii) fees, expenses and costs incurred in connection with the opening and
25 administration of the QSF and the performance of its duties and functions as described in this
26 Agreement. The aforementioned taxes, fees, costs and expenses shall be treated as and included in the
27 costs of administering the QSF and as Claims Administration Expenses. The Parties and the Settlement
28 Administrator shall treat the QSF as coming into existence as a Qualified Settlement Fund on the

1 earliest date permitted as set forth in 26 C.F.R. § 1.468B-1(j)(2)(i), and such election statement shall
2 be attached to the appropriate returns as required by 26 C.F.R. § 1.468B-1(j)(e)(ii). The Parties agree
3 to cooperate with the Settlement Administrator and one another to the extent reasonably necessary to
4 carry out the provisions of this Section. The delivery of the entire Maximum Payment and the
5 employer's share of payroll taxes to the Settlement Administrator shall constitute full and complete
6 discharge of the entire obligation of Defendants under this Settlement. Once Defendants have made
7 such payments, it will be deemed to have satisfied all terms and conditions under this Settlement, shall
8 be entitled to all protections afforded to Defendants under this Settlement, and shall have no further
9 obligations under the terms of the Settlement regardless of what occurs with respect to those sums.

10 58. Individual Settlement Payments Do Not Trigger Additional Benefits: All Individual
11 Settlement Payments, PAGA Employee Payments, and the Incentive Awards shall not be utilized to
12 calculate any additional benefits under any benefit plans to which any Plaintiffs, Settlement Class
13 Members may be eligible including, but not limited to: retirement plans, profit-sharing plans, bonus
14 plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, pension plans,
15 or any other benefit plan. It is the Parties' intention that this Agreement will not affect any rights,
16 contributions, or amounts to which Plaintiffs, Settlement Class Members may be entitled under any
17 benefit plans.

18 59. Distribution Timing of Individual Settlement Payments: Within ten (10) business days
19 of Defendants' funding the Maximum Payment in full, the Settlement Administrator shall issue
20 payments to in the following order:

- 21 (i) The Labor and Workforce Development Agency ("LWDA") shall be paid first;
- 22 (ii) Then, payment shall be issued to Settlement Class Members. Payments to Settlement
23 Class Members shall be issued in accordance to the formula set forth herein. The Settlement
24 Administrator shall provide to Class Counsel and Defendants' Counsel a
25 verification/declaration signed under penalty of perjury that it has mailed the settlement checks
26 to each Settlement Class Member consistent with this Agreement within seven (7) calendar
27 days of issuing payments;
- 28 (iii) Then, upon full payment to Settlement Class Members, payment shall be made to Class

1 Counsel and the Class Representatives;

2 (iv) The Settlement Administrator shall also issue a payment to itself for services performed
3 in connection with the Settlement upon receipt of funding for the Maximum Payment in full.

4 60. Expiration Of Settlement Checks: The expiration date of the Settlement Class
5 Members' settlement checks will be one-hundred and eighty (180) calendar days from the date the
6 settlement checks are mailed. The Settlement Administrator shall mail a reminder letter regarding the
7 cash checking deadline to all Settlement Class Members who have not cashed their settlement checks
8 within sixty (60) calendar days of the date of mailing the Settlement checks. The amounts of any
9 Settlement checks that are not cashed by Settlement Class Members within one hundred eighty (180)
10 calendar days of the date of mailing of the settlement checks shall be escheat to the State of California
11 under the Unclaimed Property Law in the name of each Class Member that failed to cash their issued
12 check. There will be no reversion of unclaimed Remainder amounts to Defendants.

13 61. Payroll and Tax Forms: Defendants will pay the employer's share of payroll taxes due
14 on the portion of the Net Settlement Amount allocated to wages in addition to payment of the
15 Maximum Payment. The Settlement Administrator shall be responsible for issuing the payments and
16 withholding all required state and federal taxes in accordance with this Stipulation of Settlement. The
17 Settlement Administrator will issue IRS Forms W-2 with respect to the amounts paid as wages to the
18 Settlement Class Members, and IRS Forms 1099 with respect to the amounts paid as interest and
19 penalties to the Settlement Class Members. The Settlement Administrator will also issue IRS Forms
20 1099 to: (1) Plaintiffs for the Incentive Awards; (2) PAGA Employee Payment; (3) Class Counsel
21 Fees; and (4) Class Counsel Costs. The Settlement Administrator will be responsible for preparing
22 these forms correctly. The Settlement Administrator shall also be responsible for submitting
23 Defendant's share of payroll taxes to the appropriate government agencies on behalf of Defendants.
24 Plaintiffs and Class Counsel will be responsible for correctly characterizing this compensation for tax
25 purposes and for paying any taxes on the amounts received.

26 62. Indemnification: Plaintiffs and Class Counsel acknowledge and agree that they are and
27 will be responsible for the payment of any and all Federal, State, and Local taxes or penalties
28 associated with their respective allocated portions of the payments described herein, and agree to

1 indemnify, defend, and hold the Released Parties harmless from any and all claims by any Federal,
2 State, or Local taxing authority that Plaintiffs or Class Counsel failed to pay or underpaid their or her
3 or his share of taxes associated with the payments set forth in this Settlement. The Parties acknowledge
4 and agree that Class Counsel is not responsible for the payment of any Federal, State, and Local taxes
5 or penalties associated with payments to Plaintiffs and Class Members.

6 **NOTICE TO THE SETTLEMENT CLASSES**

7 63. Within twenty (20) calendar days of preliminary approval of this settlement by the
8 Court, Defendants shall provide to the Settlement Administrator a list of all Class Members and
9 Aggrieved Employees in electronic form. The list will identify each Class Member's and Aggrieved
10 Employee's name, last known email address, last known mailing address, Social Security Number,
11 the number of Compensable Work Weeks worked by each Class Member during the Class Period and
12 the total number of Compensable Work Weeks worked by all Class Members during the Class Period
13 based on Defendant's payroll and of the business records. It will also contain the number of pay
14 periods worked during the PAGA Period by each Aggrieved Employee. Defendants agree to consult
15 with the Claims Administrator prior to the production date to facilitate use of the database information.
16 This List shall be confidential to the Claims Administrator, used only by the Claims Administrator,
17 and shall be used for purposes of administering this Settlement.

18 64. Defendants' records will be presumed determinative with respect to whether an
19 individual is a Class Member and the number of compensable work weeks worked by the Class
20 Member. If for any reason a Class Member disagrees with Defendants' calculation of his/her number
21 of compensable work weeks, the Class Member shall be provided the opportunity to raise his/her
22 disagreement and present any supporting documentation to the Settlement Administrator with his or
23 her claim form. The Settlement Administrator, in consultation with the Parties, shall try and resolve
24 the dispute based upon information received from Defendants and any information provided by the
25 Class Member and will thereafter issue a decision with regard to the number of compensable work
26 weeks worked by the Class Member. All disputes regarding the number of compensable work weeks
27 worked by a Class Member or the calculation of a Class Member's Individual Claim Amount from the
28 Remainder in the event the Parties cannot reach an agreement will be resolved by the Settlement

1 Administrator and not be subject to appeal.

2 65. The Class List and any other data provided by Defendants to the Settlement
3 Administrator, shall be treated as confidential and not subject to disclosure by the Settlement
4 Administrator to Class Counsel (except that relevant information may be provided to Class Counsel
5 to the extent necessary to address a disputed claim or to respond to a specific inquiry from a Class
6 Member, subject to prior approval by Defendants' Counsel) or to any third party (except to the extent
7 necessary for the Settlement Administrator to perform its obligations described in this Agreement and
8 subject to prior approval by Defendants' Counsel) and shall not be used by the Settlement
9 Administrator for any purpose other than as permitted by this Agreement. At no time during the
10 settlement process will any Class Member's address, telephone number or Social Security Number be
11 filed with the Court, except under seal as may be ordered by the Court. The Settlement Administrator
12 shall ensure the Notice, Exclusion Form and any other communications to Class Members shall not
13 include the Class Members' Social Security Number except for the last four digits. Class Members
14 may, however, be required to submit a form W-2 or W-9 as required by the Settlement Administrator
15 for tax reporting purposes.

16 66. The Settlement Administrator (along with any of its agents) shall represent and warrant
17 that it will: (1) provide reasonable and appropriate administrative, physical and technical safeguards,
18 including a reasonable security protocol, for any personally identifiable information ("PII"), which it
19 receives from Defendants' Counsel and/or Class Counsel; (2) not disclose the PII to third parties,
20 including agents or subcontractors, without Defendants' consent; (3) not disclose or otherwise use the
21 PII other than to carry out its duties as set forth herein; and (4) promptly provide Defendants with
22 notice if PII is subject to unauthorized access, use, disclosure, modification, or destruction. The
23 Settlement Administrator may provide notice to both parties if the PII is subject to unauthorized access,
24 use, disclosure, modification or destruction; however, all additional communications from the
25 Settlement Administrator regarding the scope, circumstances, and substance shall be communicated
26 solely to Defendants.

27 67. Defendants or Class Counsel may communicate with the Settlement Administrator
28 upon simultaneous notice provided to the other Party. In the event that either Defendant or Class

1 Counsel take the position the Settlement Administrator is not acting in accordance with the terms of
2 this Agreement, the Parties' counsel shall meet and confer and then, if necessary, with the Settlement
3 Administrator and/or the Court in an effort to resolve the issue or dispute.

4 68. The Settlement Administrator shall also be responsible for:

- 5 a. Mailing the Notice as directed by the Court;
- 6 b. Consulting with counsel for the Parties concerning any relevant issue, including
7 (without limitation) the estimated amounts of approximate Individual Settlement
8 Payments, PAGA Employee Payments, and the acceptance of any late or deficient
9 disputes;
- 10 c. Keeping track of timely and proper requests for exclusion;
- 11 d. Calculation of the Individual Settlement Payments, PAGA Employee Payments, and
12 the PAGA Payment to the LWDA;
- 13 e. Providing weekly status reports to counsel for the Parties, including: (a) the number of
14 Notices mailed (including information regarding undeliverable and/or emailed
15 Notices); (b) the number of disputes received (and sending copies of said disputes); (c)
16 the number of objections received; and, (d) the number of requests for exclusion
17 received;
- 18 f. Notifying Counsel for Defendants of the wiring instructions to fund the Settlement
19 Amount as approved by the Court;
- 20 g. Preparing the checks containing the Individual Settlement Payments;
- 21 h. Distributing and paying the Incentive Awards, Individual Settlement Payments, PAGA
22 Employee Payments, the PAGA Payment to the LWDA, and fees and costs awarded to
23 Class Counsel;
- 24 i. Issuing tax forms and addressing employer and employee-side payroll taxes; and
- 25 j. Such other tasks as the Parties mutually agree or the Court orders the Settlement
26 Administrator to perform, including responding to questions from Class Members.

27 **NOTICE TO THE CLASS**

28 69. Upon receipt of the Class List, the Settlement Administrator will perform a search using

1 the United States Postal Service National Change of Address List in an effort to update each Class
2 Member's last known address.

3 70. The Settlement Administrator shall send the Class Notice Packet to each Class Member
4 by first class mail within twenty-one (21) calendar days of the Court's entry of an Order Granting
5 Preliminary Approval of the Settlement, Notice and Exclusion Form. If a Class Notice Packet is
6 returned as non-deliverable but with a forwarding address, the Settlement Administrator shall resend
7 the Class Notice Packet to the forwarding address. If a Class Notice Packet is returned as non-
8 deliverable with no forwarding address, the Settlement Administrator shall conduct an additional
9 search using the Class Member's Social Security Number – i.e. a “skip-trace.” With respect to all
10 returned Class Notice Packets, the Settlement Administrator will use reasonable diligence to obtain a
11 current address and re-mail the Notices to the Class Members within five (5) calendar days of its
12 receipt of the Class Member's new address information. Upon completion of these steps, the Parties
13 shall be deemed to have satisfied their obligations to provide the Class Notice Packet to the affected
14 Class Members.

15 71. Class Members who receive a re-mailed Class Notice Packet shall be provided an
16 extended opportunity to:

- 17 • submit her/his dispute as to workweeks within fifteen (15) days from the date of the
18 Settlement Administrator's re-mailing of the Class Notice Packet;
- 19 • request exclusion within fifteen (15) days from the date of the Settlement
20 Administrator's re-mailing of the Class Notice Packet; and
- 21 • submit written objections within fifteen (15) days from the date of the Settlement
22 Administrator's re-mailing of the Class Notice Packet.

23 72. The Settlement Administrator shall provide to the Court, concurrently with Plaintiffs'
24 Motion for Final Approval, a declaration of due diligence and proof of mailing with regard to the
25 mailing of the Notices.

26 **REQUESTS FOR EXCLUSION**

27 73. An Exclusion Request must be sent to the Settlement Administrator and received no
28 later than forty-five (45) calendar days from initial mailing of the Notice and Exclusion Request. No

1 settlement. An objection to the Settlement may be (1) made by a Class Member and (2) mailed to the
2 Settlement Administrator no later than forty-five (45) calendar days after the date of the initial mailing
3 of the Notice to the Class Member by the Settlement Administrator. The Settlement Administrator
4 immediately shall send each objection to counsel for Defendants and Class Counsel and file each
5 objection with the Court.

6 78. Any Class Member, who does not affirmatively opt-out of the Settlement by submitting
7 a valid and timely request for exclusion may nonetheless appear in Court when the Court considers
8 whether to grant Final Approval of the Settlement and enter a Judgment thereon. Counsel for the
9 Parties may file written responses to any written objections no later than (5) calendar days before the
10 date of the Final Approval Hearing. Any member of the Class who does not object in writing or at the
11 hearing shall have waived any objection to the Settlement, whether by appeal or otherwise.

12 79. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage
13 Class Members to submit written objections to the Settlement or to appeal from the Court's Final
14 Order and Judgment. Class Counsel shall not represent any Class Members with respect to any such
15 objections to this Settlement.

16 **FINAL APPROVAL HEARING AND ORDER**

17 80. Upon expiration of the above deadlines to timely submit Requests for Exclusion or
18 objections to the Settlement and/or this Agreement, and with the Court's permission, a Final
19 Approval/Settlement Fairness Hearing will be conducted to determine the Final Approval of the
20 Settlement and Agreement and determine the amounts of the Settlement to be properly payable for (a)
21 Individual Claim Amounts; (b) the Labor and Workforce Development Agency Payment; (c) Class
22 Counsel's Attorneys' Fees and Costs; (d) the Class Representatives' Incentive Awards; and (e) all
23 Settlement Administration Costs. Class Counsel will be primarily responsible for drafting all
24 documents necessary to obtain final approval and the Parties shall attempt to submit those documents
25 jointly. Defendants, however, may submit a separate brief in support of final approval of the
26 Settlement and Agreement. Class Counsel will also be responsible for drafting their attorneys' fees
27 and costs application to be heard at the final approval hearing as well.

28 81. At least fourteen (14) calendar days prior to the Final Approval Hearing, Plaintiffs shall

1 file and serve their Motion for Final Approval of Class Action Settlement requesting an Order from
2 the Court granting final approval of the Settlement as just, fair, equitable, reasonable, adequate and in
3 the best interests of the Class Members, approving all payments set forth under this Agreement and
4 directing the Parties and Settlement Administrator to carry out the remaining provisions of this
5 Agreement.

6 82. At or in connection with the Final Approval Hearing, the Parties shall request the Court
7 enter an Order of Final Approval of Settlement and Judgment thereon which shall state all Class
8 Members who have not submitted a valid and timely Exclusion Request are bound by the Release of
9 Claims set forth in this Agreement. The proposed Order for Final Approval is attached as Exhibit _F

10 **RELEASE OF CLAIMS BY CLASS REPRESENTATIVES, SETTLEMENT CLASS**

11 **MEMBERS, AND PAGA EMPLOYEES**

12 83. The “Class Released Claims”. Upon the final approval by the Court of this Settlement
13 and Agreement, and except as to such rights or claims as may be created by this Settlement and
14 Agreement, Plaintiffs and all other Class Members (other than those who validly requested exclusion
15 from the Settlement) will release the Released Parties as provided in this paragraph, including any
16 subparagraphs thereto.

- 17 a. All Class Members (other than those Class Members who validly requested exclusion
18 from the Settlement) release Defendants and their former and present parents,
19 subsidiaries, affiliated and related corporations and entities, each of their respective
20 officers, directors, employees, partners, shareholders, attorneys, contractors, owners,
21 and agents, and any other successors, assigns or legal representatives, from any and all
22 wage-and-hour claims of every nature or description that arise from those asserted or
23 could have been asserted in the Complaint during the Class Period based on the same
24 factual predicate (“Class Released Claims”). These Class Released Claims include
25 claims of or related to: (1) failure to pay minimum wages; (2) failure to pay overtime
26 wages; (3) unpaid meal and rest period premiums; (4) failure to provide complete and
27 accurate wage statements; (5) failure to pay final wages; (6) failure to pay timely wages;
28 and (7) failure to reimburse business expenses; and (8) UCL violations; and (9) PAGA

1 penalties. The Class Released Claims include claims brought under California Labor
2 Code sections 201-204, 206.5, 210, 226, 226.3, 226.7, 351, 510, 512, 515, 558, 1174,
3 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, and 2802, California Business and
4 Professions Code sections 17200-17208, the Industrial Welfare Commission Wage
5 Order, and the Fair Labor Standards Act, 29 U.S.C. § 201 et seq. The Class Released
6 Claims include claims for wages, statutory penalties, or other relief under the
7 California Labor Code, relief from unfair competition under California Business and
8 Professions Code section 17200 et seq.; attorneys' fees and costs; and interest.

9 b. Each Class Member, who is also an Aggrieved Employee, releases on behalf of
10 himself/herself and his/her respective former and present representatives, agents,
11 attorneys, heirs, administrators, successors, and assigns, Defendants and their former
12 and present parents, subsidiaries, affiliated and related corporations and entities, each
13 of their respective officers, directors, employees, partners, shareholders, attorneys,
14 contractors, owners, and agents, and any other successors, assigns or legal
15 representatives, from any and all claims for PAGA penalties that were alleged, or
16 reasonably could have been alleged, based on the PAGA Period facts stated in the
17 operative Complaint or in Plaintiffs' notice of PAGA claim (the "PAGA Released
18 Claims") regardless of whether he/she/they timely and validly opted out of participation
19 in the Settlement.

20 84. Release of Claims by Class Representatives. As a condition of receiving any portion
21 of their Incentive Awards, the Class Representatives, for themselves only, agree to the additional
22 following General Release: In consideration of Defendants' promises and agreements as set forth
23 herein, the Class Representatives hereby fully release the Released Parties from any and all Class
24 Released Claims and PAGA Released Claims and also generally release and discharge the Released
25 Parties from any and all any claims for wages, meal and rest break premiums, bonuses, severance pay,
26 vacation pay, penalties, employment benefits, stock options, violation of any personnel policy, any
27 claims based on discrimination, harassment, unlawful retaliation, violation of public policy, or
28 damages of any kind whatsoever, arising out of any common law torts, contracts, express or implied,

1 any covenant of good faith and fair dealing, any theory of wrongful discharge, any theory of
2 negligence, any theory of retaliation, any legal restriction on any Defendants' right to terminate the
3 employment relationship, or any federal, state, or other governmental statute, executive order,
4 regulation or ordinance, or common law, or any other basis whatsoever, to the fullest extent provided
5 by law. The claims released by the Class Representative include, but are not limited to, claims arising
6 from or dependent on the California Labor Code; the Wage Orders of the California Industrial Welfare
7 Commission; the Fair Labor Standard Act; California Business and Professions Code section 17200
8 et seq.; the California Fair Employment and Housing Act, Cal. Gov't Code § 12900 et seq.; California
9 common law of contract and tort; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq.;
10 the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq.; the Employee Retirement Income
11 Security Act of 1974, 29 U.S.C. § 1001 et seq. and any other laws related to his employment with or
12 work for the Defendant or any other Released Party. Class Representatives shall be deemed to have,
13 and by operation of the Judgment shall have, expressly waived and relinquished to the fullest extent
14 permitted by law the provisions, rights, and benefits of Section 1542 of the California Civil Code, or
15 any other similar provision under federal or state law that purports to limit the scope of a general
16 release. Class Representatives, for themselves, have read Section 1542 of the Civil Code of the State
17 of California, which provides as follows:

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

24 The Class Representatives understand that Section 1542 gives the right not to release existing claims
25 of which they are not now aware, unless the Class Representatives voluntarily choose to waive this
26 right. Having been so apprised, the Class Representatives nevertheless voluntarily waive the rights
27 described in Section 1542, and elect to assume all risks for claims that now exist in their favor, known
28 or unknown. The release of the claims of the Class Representatives as set forth in this Paragraph is a
condition precedent to enforcement of this Stipulation of Settlement.

85. Plaintiffs and all other Class Members agree that all of the claims for wage and hour

1 and payroll practice violations in the Action are disputed and the Individual Claim Amounts they each
2 receive constitutes payment in full of any and all amounts allegedly due to them for each alleged
3 disputed violation. In light of the foregoing, Plaintiffs and each and every Settlement Class Member
4 shall be deemed to have expressly acknowledged and agreed that California Labor Code section 206.5
5 is not applicable herein to them. That section provides in pertinent part as follows:

6 AN EMPLOYER SHALL NOT REQUIRE THE EXECUTION OF A RELEASE OF
7 A CLAIM OR RIGHT ON ACCOUNT OF WAGES DUE, OR TO BECOME DUE,
8 OR MADE AS AN ADVANCE ON WAGES TO BE EARNED, UNLESS
9 PAYMENT OF THOSE WAGES HAS BEEN MADE.

10 **DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL/CLASS CERTIFICATION**

11 86. For settlement purposes only, the Parties agree that the Class as defined herein, and
12 which will run through the end of the Class Period, may be certified in the Action. The Parties are not
13 certifying any PAGA claims. In support of this Agreement, Plaintiffs will request that the Court certify
14 for settlement purposes only the Class as to all non-PAGA claims that have been asserted, which
15 Defendants shall not oppose or object to.

16 87. Class Counsel shall promptly submit this Stipulation of Settlement to the Court in
17 support of Plaintiffs' Motion for Preliminary Approval and for determination by the Court as to
18 whether the proposed Settlement is within the range of possible judicial approval. Pursuant to PAGA,
19 on the date that Plaintiff files the Motion for Preliminary Approval with the Court, Plaintiff will submit
20 to the LWDA the Motion for Preliminary Approval and the Settlement. Promptly upon execution of
21 this Stipulation of Settlement, Class Counsel shall apply to the Court for the entry of an order
22 substantially in the following form:

- 23 a. Scheduling of the Final Approval Hearing on the question of whether the proposed
24 Settlement, including payment of attorneys' fees and costs and the Incentive Award
25 should be finally approved as fair, reasonable and adequate as to the Settlement Class
26 Members and for approval of the PAGA Settlement;
- 27 b. Certifying the Settlement Class;
- 28 c. Approving the Class Notice Packet;

- 1 d. Directing the mailing of the Notice by first class mail to the Class Members; and
2 e. Preliminarily approving the Settlement subject only to the objections of the Class
3 Members and final review by the Court.

4 88. The Parties will work cooperatively to mutually agree upon the form and content of the
5 Notice, as well as the Proposed Order Granting Preliminary Approval.

6 89. The Class Representatives and Class Counsel will not make any public disclosure of
7 the Settlement until after the filing of the motion for preliminary approval of the Settlement. The Class
8 Representative and each Class Counsel represent that they have not made any such disclosure. The
9 Class Representatives and Class Counsel shall not encourage any Class Members to opt-out. Class
10 Counsel will take all steps necessary to ensure that the Class Representatives are aware of, and will
11 encourage them to adhere to, the restriction against any public disclosure of the Settlement until after
12 the Settlement is preliminarily approved by the Court. Thereafter, Class Counsel and the Class
13 Representatives agree not to publicize the terms of this Settlement, including identifying Defendant,
14 (electronically or otherwise) with the media, including but not limited to, any newspaper, journal,
15 magazine, website and/or online reporter of settlements, blog, social media, or publicize the fact or the
16 terms of this Settlement on any website.

17 **VOIDING OF AGREEMENT IF SETTLEMENT NOT FINALIZED**

18 90. Subject to the obligations of mutual full cooperation set forth herein, either Plaintiffs
19 or Defendants may terminate this Settlement if after submitting the settlement for approval to the
20 Court, the Court declines to enter the preliminary approval order, the final approval order, or judgment
21 in substantially the form submitted by the Parties, or if the Stipulation of Settlement as agreed does
22 not become final because of appellate court action. The terminating Party shall give to the other Party
23 (through counsel) written notice of its decision to terminate no later than fourteen (14) calendar days
24 after receiving notice that one of the enumerated events has occurred. Termination shall have the
25 following effects:

26 (a) The Stipulation of Settlement shall be terminated and shall have no force or effect, and
27 no Party shall be bound by any of its terms.

28 (b) In the event the Stipulation of Settlement is terminated, Defendants shall have no

1 obligation to make any payments at all to any party, Settlement Class Member or Class
2 Counsel.

3 (c) The preliminary approval order, final approval order and judgment shall be vacated.

4 (d) The Class shall no longer be certified.

5 (e) The Stipulation of Settlement and all negotiations, statements and proceedings relating
6 thereto shall be without prejudice to the rights of any of the Parties, all of whom shall
7 be restored to their respective positions prior to the Settlement.

8 (f) Except as otherwise discoverable, neither this Stipulation of Settlement nor any
9 ancillary documents, actions, statements or filings in furtherance of settlement
10 (including all matters associated with the mediation) shall be inadmissible or offered
11 into evidence in the Action or any other action for any purpose whatsoever.

12 **CIRCULAR 230 DISCLAIMER**

13 91. Each Party acknowledges and agrees that (1) no provision of this Agreement, and no
14 written communication or disclosure between or among the Parties or their Counsel and other advisers
15 is or was intended to be, nor shall any such communication or disclosure constitute or be construed or
16 be relied upon as, tax advice within the meaning of United States Treasury Circular 230 (31 CFR part
17 10, as amended); (2) each Party (a) has relied exclusively upon his/her/its own, independent legal and
18 tax advisors for advice (including tax advice) in connection with this Agreement, (b) has not entered
19 into this Agreement based upon the recommendation of any other Party, Counsel or advisor to any
20 other Party and (c) is not entitled to rely upon any communication or disclosure by any other Counsel
21 or advisor to any other Party to avoid any tax penalty that may be imposed on that Party; and (3) no
22 attorney or advisor to any other Party has imposed any limitation that protects the confidentiality of
23 any such attorney's or advisor's tax strategies (regardless of whether such limitation is legally binding)
24 upon disclosure by the Party of the tax treatment or tax structure of any transaction, including any
25 transaction contemplated by this Agreement.

26 **CONFIDENTIALITY OF SETTLEMENT**

27 92. The Parties shall keep the terms and conditions of this Settlement confidential until the
28 Motion for Preliminary Approval is filed with the Court, provided that nothing in this confidentiality

1 provision shall restrict Class Counsel from communicating the pending settlement or the case status
2 in general terms to Class Members who inquire about the case status.

3 **PARTIES' AUTHORITY**

4 93. The signatories hereto hereby represent that they are fully authorized to enter into this
5 Stipulation of Settlement and bind the Parties hereto to the terms and conditions thereof.

6 **ESCALATOR CLAUSE**

7 94. In the event the total number of the Class Members in the Class Period is ten percent
8 (10%) more than the 500 class members provided by Defendants, then the Maximum Payment shall
9 be increased proportionally for each individual class member in excess of 551.

10 **MUTUAL FULL COOPERATION**

11 95. The Parties agree to fully cooperate with each other to accomplish the terms of this
12 Stipulation of Settlement, including, but not limited to, execution of such documents and taking of
13 such action as reasonably may be necessary to implement the terms of this Stipulation of Settlement.
14 The Parties to this Stipulation of Settlement shall use their best efforts, including all efforts
15 contemplated by this Stipulation of Settlement and any other efforts that may become necessary by
16 order of the Court, or otherwise, to effectuate this Stipulation of Settlement and the terms set forth
17 herein. As soon as practicable after execution of this Stipulation of Settlement, Class Counsel shall
18 take all necessary steps to secure the Court's final approval of this Stipulation of Settlement.

19 96. The Parties and their respective counsel agree that they will not attempt to encourage
20 or discourage Class Members from filing requests for exclusion or opt outs.

21 **NO PRIOR ASSIGNMENTS**

22 97. The Parties and their respective counsel represent, covenant and warrant that they have
23 not, directly or indirectly, assigned, transferred, encumbered or purported to assign, transfer or
24 encumber to any person or entity any portion of any liability, claim, demand, action, cause of action
25 or right herein released and discharged except as set forth herein.

26 **NO ADMISSION**

27 98. Nothing contained herein, nor the consummation of this Stipulation of Settlement, is to
28 be construed or deemed an admission of liability, culpability, negligence or wrongdoing on the part of

1 any Defendant. Each of the parties hereto has entered into this Stipulation of Settlement solely with
2 the intention to avoid further disputes and litigation with the attendant inconvenience and expenses.

3 **BREACH AND ENFORCEMENT ACTIONS**

4 99. The Parties will jointly request that the Court retain jurisdiction pursuant to California
5 Code of Civil Procedure § 664.6 to oversee and enforce the terms of this Settlement. In the event of
6 a breach of this Settlement, the non-breaching Party shall provide notice to the breaching party and
7 request that the breaching party cure any alleged breach. If the breach is not cured within thirty (30)
8 days of said notice, the non-breaching party may pursue legal action or other proceeding against any
9 other breaching party or parties to enforce the provisions of this Stipulation of Settlement or to declare
10 rights or obligations under this Stipulation of Settlement. In the event of such enforcement actions,
11 the successful party or parties shall be entitled to recover from the unsuccessful party or parties
12 reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any
13 enforcement actions. All such disputes shall be resolved by the Court.

14 **NOTICES**

15 100. Unless otherwise specifically provided herein, all notices, demands or other
16 communications given hereunder shall be in writing and shall be deemed to have been duly given as
17 of the third business day after mailing both electronically and by United States registered or certified
18 mail, return receipt requested, and addressed as follows:

19 **To Plaintiffs, the Settlement Class and Class Counsel:**

20 Craig J. Ackermann (SBN: 229832)
21 **ACKERMANN & TILAJEF, P.C.**
22 1180 S. Beverly Drive, Suite 610
23 Los Angeles, CA 90035
24 Telephone: (310) 277-0614
25 Facsimile: (310) 277-0635
26 Email: cja@ackermanntilajef.com

Amir Seyedfarshi (SBN: 301656)
EMPLOYMENT RIGHTS LAW GROUP, APC
1180 S. Beverly Drive, Suite 610
Los Angeles, CA 90035
Telephone: (424) 777-0964
Email: amir@employmentrightslawgroup.com

27 **To Defendants and Defendants' Counsel:**

28 Benjamin Hill (SBN 212078)
[HILL LAW FIRM](#)
law@bmhill.com
15260 Ventura Blvd., Ste 1200

Sherman Oaks, CA 91403
Telephone: (818) 452-4430

CONSTRUCTION

101. The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive arms-length negotiations between the Parties, and this Stipulation of Settlement shall not be construed in favor of or against any party by reason of the extent to which any Party or their counsel participated in the drafting of this Stipulation of Settlement.

CAPTIONS AND INTERPRETATIONS

102. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Stipulation of Settlement or any provision of it. Each term of this Stipulation of Settlement is contractual and not merely a recital.

MODIFICATION

103. This Stipulation of Settlement may not be changed, altered or modified, except in writing and signed by the Parties hereto and approved by the Court. This Stipulation of Settlement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

INTEGRATION CLAUSE

104. This Stipulation of Settlement, and the Exhibits attached hereto and incorporated herein by reference, contain the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

BINDING ON ASSIGNS

105. This Stipulation of Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

CLASS MEMBER SIGNATORIES

106. It is agreed that because the Class Members are so numerous, it is impossible or

1 impractical to have each member execute this Stipulation of Settlement. The Class Notice, Exhibit
2 "B" hereto, will advise the Class Members of the binding nature of the release, and the release shall
3 have the same force and effect as if this Stipulation of Settlement were executed by each member.

4 **COUNTERPARTS**

5 107. This Stipulation of Settlement may be executed in counterparts and by facsimile
6 signatures, and when each party has signed and delivered at least one such counterpart, each
7 counterpart shall be deemed an original and, when taken together with other signed counterparts, shall
8 constitute one Stipulation of Settlement binding upon and effective as to all parties.

9 **RIGHT OF APPEAL**

10 108. The Parties agree to waive all appeals from the Court's final approval of this Agreement
11 unless the Court materially modifies it.

12
13 IN WITNESS HEREOF, the Parties hereto knowingly and voluntarily executed this Joint
14 Stipulation of Settlement and Release between Plaintiffs and Defendants as of the date(s) set forth
15 below:

16 Dated: 07 / 21 / 2022 Elizabeth Barragan
17 Elizabeth Barragan
18 Plaintiff and Class Representative

19
20 Dated: 07 / 21 / 2022 Rosalinda Guzman
21 Rosalinda Guzman
22 Plaintiff and Class Representative

23 Dated: 7/25/22 [Signature]
24 Defendant Vytalogy Wellness L.L.C.

25
26 Dated: 7/25/22 [Signature]
27 Defendant Natrol LLC
28

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APPROVED AS TO FORM AND CONTENT:

Dated: 07 / 22 / 2022



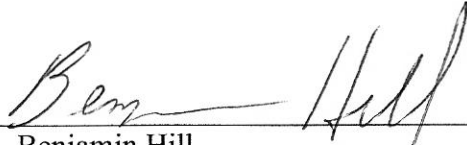
Craig J. Ackermann
Counsel for Plaintiffs and the Putative Class

Dated: 07 / 21 / 2022



Amir Seyedfarshi
Counsel for Plaintiffs and the Putative Class

Dated: 7/27/22



Benjamin Hill
Counsel for Defendants Natrol LLC
and Vytalogy LLC