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JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

This Joint Stipulation of Class Action and PAGA Settlement (“Settlement,” “Agreement,” or “Settlement Agreement”) is made and entered into by and between Plaintiff Jesse Romero (“Plaintiff” or “Class Representative”), individually, and on behalf of all others similarly situated and on behalf of the State of California with respect to Aggrieved Employees (as defined herein), and Defendant California Closet Company, Inc. and Defendant Cal Closets Retail, Inc. (collectively, “Defendants”) (together, Plaintiff and Defendants may also be referred to in this Settlement Agreement as “Parties” and individually as “Party”).

This Settlement Agreement shall be binding on Plaintiff, Settlement Class Members (as defined herein), the State of California as to the employment of Aggrieved Employees, and Defendants, subject to the terms and conditions hereof and the approval of the Court.

RECITALS

1. On October 24, 2023, Plaintiff provided written notice to the Labor and Workforce Development Agency (“LWDA”) by online submission and to Defendants by U.S. Certified Mail, pursuant to California Labor Code Section 2699.3, of alleged violations of the California Labor Code.

2. On November 7, 2023, Plaintiff filed a Class Action Complaint for Damages titled *Jesse Romero v. Cal. Closets Retail, Inc., et al.*, Los Angeles County Superior Court Case No. 23STCV27355 (the “Class Action”), thereby commencing a putative class action against Defendants.

3. On December 28, 2023, Plaintiff filed a Complaint for Enforcement Action Under the Private Attorneys General Act, California Labor Code §§ 2698, *et seq.* in the action titled *Jesse Romero v. Cal. Closets Retail, Inc., et al.*, Los Angeles County Superior Court, Case No. 23STCV31746 (the “PAGA Action”, and together with the Class Action the “Actions”), thereby commencing a representative PAGA action against Defendants.

4. These complaints allege causes of action for violations of the California Labor Code for failure to pay overtime wages, failure to provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant rest periods and premium payments in lieu thereof, failure to pay minimum wages, failure to timely pay wages upon termination, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain complete and



1 accurate payroll records, and failure to reimburse necessary business expenses, for violations of
2 California Business & Professions Code Section 17200, *et seq.* based on the aforementioned California
3 Labor Code violations, and for civil penalties under the Private Attorneys General Act of 2004
4 pursuant to California Labor Code Section 2698, *et seq.* (“PAGA”) based on the aforementioned
5 California Labor Code violations.

6 5. On October 8, 2024, Plaintiff submitted an amended PAGA notice asserting claims
7 pursuant to California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223,
8 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2,
9 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800,
10 2802, applicable Industrial Welfare Commission Wage Orders, and California Code of Regulations,
11 Title 8, section 11000, *et seq.*

12 6. On October 10, 2024, Plaintiff filed a First Amended Class and PAGA Representative
13 Action Complaint (“Operative Complaint”) in the Class Action.¹ The Operative Complaint alleges
14 thirteen (13) causes of action for violations of the California Labor Code for failure to pay minimum
15 wages, failure to pay overtime wages, failure to provide and properly pay sick time, vacation time
16 and/or PTO, failure to provide compliant meal periods and premium payments in lieu thereof, failure
17 to provide compliant rest periods and premium payments in lieu thereof, failure to timely pay wages
18 during employment, failure to provide compliant wage statements, failure to maintain required
19 records, recordkeeping violations, failure to timely pay wages upon separation, failure to provide
20 proper payment of final wages, and failure to reimburse necessary business expenses, for violations of
21 California Business & Professions Code Section 17200, *et seq.* based on the aforementioned California
22 Labor Code violations, and for civil penalties under PAGA based on the aforementioned California
23 Labor Code violations. The Operative Complaint also asserts claims for violations of California Labor
24 Code Sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7,
25 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1,
26 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, 2810.5, and California
27

28 ¹ Within seven (7) days of the Court’s order granting Preliminary Approval of the settlement,
Plaintiff will dismiss the PAGA Action without prejudice.



1 Industrial Commission Wage Orders.

2 7. Defendants deny all material allegations set forth in the Actions (including the
3 Operative Complaint) and have asserted numerous affirmative defenses. Notwithstanding, in the
4 interest of avoiding further litigation, Defendants desire to fully and finally settle the Actions, Class
5 Released Claims (as defined herein), and PAGA Released Claims (as defined herein).

6 8. Class Counsel diligently investigated the class and PAGA claims against Defendants,
7 including any and all applicable defenses and the applicable law. The investigation included, *inter*
8 *alia*, the exchange of information, data, and documents, and review of corporate policies and practices.
9 The Parties have engaged in sufficient informal discovery and investigation to assess the relative
10 merits of the claims, contentions of the Parties, and the reasonable range of Defendants' potential
11 exposure in the Actions.

12 9. On August 20, 2024, the Parties participated in mediation with Kelly Knight (the
13 "Mediator"), a respected mediator of complex wage and hour actions, and with the assistance of the
14 Mediator's evaluations, the Parties reached the Settlement that is memorialized herein. The Parties'
15 settlement discussions were conducted at arms' length, and the Settlement is the result of an informed
16 and detailed analysis of Defendants' potential liability and exposure in relation to the costs and risks
17 associated with continued litigation. Based on Class Counsel's investigation and evaluation, Class
18 Counsel believes that the settlement with Defendants for the consideration and on the terms set forth
19 in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class
20 Members, State of California, and Aggrieved Employees in light of all known facts and circumstances,
21 including the risks of uncertainty and delay associated with litigation and various defenses asserted by
22 Defendants.

23 10. There is an overlapping matter that was filed after this case on or about July 19, 2024,
24 in the Alameda County Superior Court titled *Matthew Hinojosa v. Cal Closets Retail, Inc., et al.*, Case
25 No. 24CV084069 ("Alameda County Case"). This Settlement Agreement (if approved by the Court)
26 will extinguish the Alameda County Case through Preliminary Approval.

27 11. The Parties expressly acknowledge that this Settlement Agreement is entered into
28 solely for the purpose of compromising significantly disputed claims and that nothing in this

The logo consists of the letters "DS" in a small font above the letters "RB" in a larger font, both enclosed within a blue square border.

1 Settlement Agreement is an admission of liability or wrongdoing by Defendants. If for any reason
2 this Settlement Agreement is not approved, it will be of no force or effect, and the Parties shall be
3 returned to their original respective positions.

4 **DEFINITIONS**

5 12. The following definitions are applicable to this Settlement Agreement. Definitions
6 contained elsewhere in this Settlement Agreement will also be effective.

7 a. "Attorneys' Fees and Costs" means attorneys' fees approved by the Court for
8 Class Counsel's litigation and resolution of the Actions and all actual costs and expenses incurred and
9 to be incurred by Class Counsel in connection with the Actions, as defined in Paragraph 3, supra.

10 b. "Class" or "Class Member(s)" means all current and former hourly-paid and/or
11 non-exempt employees who worked for Defendants within the State of California at any time during
12 the Class Period.

13 c. "Class Counsel" means Jonathan M. Genish, Karen I. Gold, Sara Pezeshkpour,
14 Ashley H. Cruz, and Marissa A. Mayhood of Blackstone Law, APC, who will seek to be appointed
15 counsel for the Class.

16 d. "Class List" means a complete list of all Class Members that Defendants will
17 diligently and in good faith compile from its records and provide to the Settlement Administrator. The
18 Class List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following
19 information for each Class Member: (1) full name; (2) last known mailing address; (3) last known
20 phone numbers; (4) Social Security number; (5) workweek and pay period numbers where feasible,
21 and hire and termination dates to calculate workweeks and pay periods where workweek/pay period
22 numbers are not provided; and (6) such other information as is necessary for the Settlement
23 Administrator to calculate Workweeks and PAGA Workweeks.

24 e. "Class Notice" means the Notice of Class Action and PAGA Settlement,
25 substantially in the form attached hereto as "**Exhibit A.**"

26 f. "Class Period" means the period from November 7, 2019, through Preliminary
27 Approval of the settlement with regard to defendant California Closet Company, Inc., and January 1,
28 2022, through Preliminary Approval of the settlement with regard to defendant Cal Closets Retail, Inc.



1 g. “Class Settlement” means the settlement and resolution of all Class Released
2 Claims (as defined below).

3 h. “Court” means the Superior Court of the State of California for the County of
4 Los Angeles.

5 i. “Defendants’ Counsel” means P. Dustin Bodaghi and Kimberly M. Shappley
6 of Littler Mendelson, P.C.

7 j. “Effective Date” means the date when all of the following events have occurred:
8 (a) the Court enters a Judgment on its Order Granting Final Approval of the settlement; (b) the
9 Judgment is final; and (c) 90 days have passed and the period of time to appeal has lapsed. The
10 Judgment is final as of the latest of the following occurrences: (a) if no participating Settlement Class
11 Member objects to the settlement, 90 days after the Court enters Judgment and the time to appeal
12 lapses; (b) if one or more participating Settlement Class Members objects to the settlement, the day
13 after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the
14 Judgment is filed, the day after the appeal is withdrawn or the appellate court affirms the Judgment
15 and issues a remittitur.

16 k. “Employer Taxes” means the employer’s share of taxes and contributions in
17 connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendants
18 in addition to the Gross Fund Value (“GFV”).

19 l. “Enhancement Payment” means the amount to be paid to Plaintiff, in
20 recognition of his effort and work in prosecuting the Actions on behalf of Class Members and
21 Aggrieved Employees, and general release of claims, as set forth in Paragraph 16.

22 m. “Final Approval” means the determination by the Court that the Settlement is
23 fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

24 n. “Final Approval Hearing” means the hearing at which the Court will consider
25 and determine whether the Settlement should be granted Final Approval.

26 o. “Final Approval Order and Judgment” means the order granting final approval
27 of the Settlement and entering judgment thereon, in a form and content mutually agreed to by the
28 Parties, and subject to approval by the Court.



1 p. “Gross Fund Value” or “GFV” means the amount of one million four hundred
2 and ninety-five thousand dollars and zero cents (\$1,495,000.00) to be paid by Defendants in full
3 satisfaction of the Actions, Class Released Claims, and PAGA Released Claims, which includes all
4 Attorneys’ Fees and Costs, Enhancement Payment, PAGA Payment, Settlement Administration Costs,
5 and Net Settlement Amount to be paid to the Settlement Class Members. Defendants shall pay the
6 Employer Taxes separately and in addition to the Gross Fund Value. The Gross Fund Value is non-
7 reversionary; no portion of the Gross Settlement Payment will return to Defendants. The Gross Fund
8 Value is subject to increase, as provided in Paragraph 19.

9 q. “Individual PAGA Payment” means the *pro rata* share of the Aggrieved
10 Employee Amount that an Aggrieved Employee may be eligible to receive under the PAGA
11 Settlement, to be calculated in accordance with Paragraph 21.

12 r. “Individual Settlement Payment” means the net payment of each Settlement
13 Class Member’s Individual Settlement Share, after reduction for the employee’s share of taxes and
14 withholdings with respect to the wages portion of the Individual Settlement Share, as provided in
15 Paragraph 22.

16 s. “Individual Settlement Share” means the *pro rata* share of the Net Settlement
17 Amount that a Class Member may be eligible to receive under the Class Settlement, to be calculated
18 in accordance with Paragraph 20.

19 t. “LWDA Payment” means the amount of one hundred and twelve thousand one
20 hundred and twenty-five dollars and zero cents (\$112,125.00), i.e., 75% of the PAGA Payment, that
21 the Parties have agreed to pay to the LWDA under the PAGA Settlement, as set forth in Paragraph 17.

22 u. “Net Settlement Amount” means the portion of the Gross Fund Value that is
23 available for distribution to Settlement Class Members, which is the Gross Fund Value less the Court-
24 approved Attorneys’ Fees and Costs, Enhancement Payment, PAGA Payment, and Settlement
25 Administration Costs.

26 v. “Notice of Objection” means a Settlement Class Member’s written objection to
27 the Class Settlement, which must: (a) contain the case name and number of the Actions; (b) contain
28 the objector’s full name, signature, address, telephone number, and the last four (4) digits of the

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1 objector’s Social Security number; (c) contain a written statement of all grounds for the objection
2 accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other
3 documents upon which the objection is based; and (e) be returned by mail to the Settlement
4 Administrator at the specified address, postmarked on or before the Response Deadline.

5 w. “PAGA Payment” means the allocation of 10% from the Gross Fund Value for
6 the PAGA Settlement. Seventy-five percent (75%) of the PAGA Payment, or \$112,125.00, will be
7 paid to the LWDA (i.e., the LWDA Payment) and the remaining twenty-five percent (25%), or
8 \$37,375.00, will be distributed to the Aggrieved Employees (i.e., the PAGA Employee Amount).

9 x. “Aggrieved Employee(s)” means all current and former hourly-paid and/or
10 non-exempt employees who worked for Defendants in the State of California at any time during the
11 PAGA Period.

12 y. “PAGA Employee Amount” means the amount of thirty-seven thousand three
13 hundred and seventy-five dollars and zero cents (\$37,375.00), i.e., 25% of the PAGA Payment, to be
14 distributed to Aggrieved Employees on a *pro rata* basis based on their PAGA Workweeks.

15 z. “PAGA Period” means the period from October 24, 2022, through Preliminary
16 Approval of the settlement.

17 aa. “PAGA Settlement” means the settlement and resolution of all PAGA Released
18 Claims.

19 bb. “PAGA Workweeks” means the number of weeks each Aggrieved Employee
20 worked for Defendants as an hourly-paid or non-exempt employee in California during the PAGA
21 Period, which Defendants will provide in the Class List where feasible, and calculated using the start
22 and end dates during which time the Aggrieved Employees were classified as non-exempt during the
23 PAGA Period where pay period numbers are not provided. The Aggrieved Employees’ pay periods
24 will be calculated by Defendants from their payroll records. The Aggrieved Employee must have
25 worked and been paid for a pay period during the PAGA Period for it to be counted (i.e., the Aggrieved
26 Employees must have at least one shift worked during that pay period). Where actual pay data may
27 not be available, Defendants will use their best estimates of the pay period(s) worked by the Aggrieved
28 Employees.

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1 cc. "Preliminary Approval" means the date on which the Court enters the
2 Preliminary Approval Order.

3 dd. "Preliminary Approval Order" means the order granting preliminary approval
4 of the Settlement, in a form and content mutually agreed to by the Parties, and subject to approval by
5 the Court.

6 ee. "Class Released Claims" means all claims that were alleged, or reasonably
7 could have been alleged based on the factual allegations contained in the Operative Complaint,
8 including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5,
9 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1,
10 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1,
11 1198, 1199, 2800, 2802, California Industrial Commission Wage Orders, and including all claims
12 related to alleged: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations;
13 (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6)
14 Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements,
15 Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and
16 Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business
17 Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; and (12) Unfair
18 Competition. This further includes any and all other claims under California common law, the
19 California Labor Code, and the California Business and Professions Code alleged in or that could have
20 been alleged under the facts, allegations and/or claims pleaded in the action. This expressly excludes
21 PAGA Released Claims, which are separately released below.

22 ff. "PAGA Released Claims" means upon Defendant's fulfillment of its payment
23 obligations of this Agreement, in exchange for the consideration provided by this Agreement, Plaintiff,
24 the State of California, the LWDA, the Aggrieved Employees and their respective former and present
25 representatives, agents, attorneys, heirs, administrators, successors, and assigns and any other
26 representative, proxy, or agent thereof shall release the Released Parties from all claims made or which
27 could have been made for civil penalties under the PAGA, Labor Code section 2698, et seq., based on
28 the facts pled in Plaintiff's letters to the LWDA (including his initial letter to the LWDA and the



1 amended letter discussed above) and the Operative Complaint, from October 24, 2022 to the date of
2 the Court’s order granting Preliminary Approval of the settlement including, but not limited to, any
3 and all claims for PAGA penalties involving any allegations that Defendants failed to pay all wages
4 due (including minimum wages, regular wages, sick pay, vacation pay, holiday pay, paid time off and
5 overtime wages or double time wages); failed to provide legally-compliant meal and rest breaks and
6 failed to pay premium pay for missed, late, interrupted or short meal and rest breaks; failed to timely
7 pay all earned wages and compensation; failed to timely pay wages during employment; improper
8 payment of final wages; failure to provide sick leave and notice of entitlement to sick leave; failed to
9 reimburse necessary business expenses; failed to provide timely final pay; failed to maintain required
10 records; recordkeeping violations; failed to properly pay sick pay and vacation time; failed to provide
11 accurate itemized wage statement, as well as any claims under the California Labor Code for violations
12 of Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6,
13 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558,
14 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800, 2802, and applicable IWC Wage
15 Orders, and California Code of Regulations, Title 8, Section 11000 et seq. The Aggrieved Employees
16 shall release their PAGA claims, to the extent they have any interest, in their entirety and may not opt
17 out of the PAGA Released Claims.

18 gg. “Released Parties” means: (i) Defendants; (ii) each of Defendants’ past,
19 present, and future direct and indirect parents; (iii) the respective past, present, and future direct and
20 indirect subsidiaries and affiliates of any of the foregoing; (iv) the past, present, and future
21 shareholders, directors, officers, agents, employees, attorneys, insurers, members, partners, managers,
22 contractors, agents, consultants, representatives, administrators, fiduciaries, benefit plans, transferees,
23 predecessors, successors and assigns of any of the foregoing; and (v) any individual or entity which
24 could be jointly liable with any of the foregoing.

25 hh. “Request for Exclusion” means a letter submitted by a Class Member indicating
26 a request to be excluded from the Class Settlement, which must: (a) contain the case name and number
27 of the Actions; (b) contain the Class Member’s full name, signature, address, telephone number, and
28 last four (4) digits of the Class Member’s Social Security number; (c) clearly state that the Class

1 Member does not wish to be included in the Class Settlement; and (d) be returned by mail to the
2 Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

3 ii. “Response Deadline” means the deadline by which Class Members must submit
4 a Request for Exclusion, Notice of Objection, and/or Workweeks Dispute, which shall be the date that
5 is forty-five (45) calendar days from the initial mailing of the Class Notice by the Settlement
6 Administrator to Class Members, unless the 45th day falls on a Sunday or Federal holiday, in which
7 case the Response Deadline will be extended to the next day on which the United States Postal service
8 is open. The Response Deadline may also be extended by express agreement between Class Counsel
9 and Defendants’ Counsel. Under no circumstances, however, will the Settlement Administrator have
10 the authority to extend the Response Deadline. In the event that a Class Notice is re-mailed to a Class
11 Member, the Response Deadline for that Class Member shall be extended fifteen (15) calendar days
12 from the original Response Deadline.

13 jj. “Settlement Administrator” means Apex Class Action, LLC, or any other third-
14 party class action settlement administrator agreed to by the Parties and approved by the Court for
15 purposes of administrating the Settlement. The Parties and their counsel each represent that they do
16 not have any financial interest in the Settlement Administrator or otherwise have a relationship with
17 the Settlement Administrator that could create a conflict of interest.

18 kk. “Settlement Administration Costs” means the costs payable from the Gross
19 Fund Value to the Settlement Administrator for administrating the Settlement, as set forth in Paragraph
20 18.

21 ll. “Settlement Class” or “Settlement Class Member(s)” means all Class Members
22 who do not submit a timely and valid Request for Exclusion.

23 mm. “Workweeks” means the number of weeks each Class Member worked for
24 Defendants as an hourly-paid or non-exempt employee in California during the Class Period, which
25 Defendants will provide in the Class List where feasible, and calculated using the start and end dates
26 during which time the Class Members were classified as non-exempt during the Class Period where
27 workweek numbers are not provided. The Class Members’ pay periods will be calculated by
28 Defendants from their payroll records. Class Members must have worked and been paid for a

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1 workweek during the Class Period for it to be counted (i.e., the Class Member must have at least one
2 shift worked during that workweek). Where actual pay data may not be available, Defendant will use
3 its best estimates of the pay period(s) worked by the Class Members.

4 nn. “Workweeks Dispute” means a letter submitted by a Class Member disputing
5 the number of Workweeks and/or PAGA Workweeks to which they have been credited, which must:
6 (a) contain the case name and number of the Actions; (b) contain the Class Member’s full name,
7 signature, address, telephone number, and the last four (4) digits of the Class Member’s Social Security
8 number; (c) clearly state that the Class Member disputes the number of Workweeks and/or PAGA
9 Workweeks credited to the Class Member and what the Class Member contends is the correct number;
10 (d) include support for your challenge by sending copies of pay stubs or other records; and (e) be
11 returned by mail to the Settlement Administrator at the specified address, postmarked on or before the
12 Response Deadline. The Settlement Administrator will accept Defendants’ calculation of Workweeks
13 based on Defendants’ records as accurate unless you send copies of records containing contrary
14 information. You should send copies rather than originals because the documents will not be returned
15 to you. The Settlement Administrator will resolve Workweek challenges based on your submission
16 and on input from Class Counsel and Defendants’ Counsel. The Settlement Administrator’s decision
17 is final. You can’t appeal or otherwise challenge its final decision.

18 **CLASS CERTIFICATION**

19 13. For the purposes of this Settlement only, the Parties stipulate to the certification of the
20 Class.

21 14. The Parties agree that certification for the purpose of settlement is not an admission
22 that certification is proper under Section 382 of the California Code of Civil Procedure. Should, for
23 whatever reason, the Court not grant Final Approval, the Parties’ stipulation to class certification as
24 part of the Settlement shall become null and void ab initio and shall have no bearing on, and shall not
25 be admissible in connection with, the issue of whether certification would be inappropriate in a non-
26 settlement context.

27 **TERMS OF THE AGREEMENT**

28 NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set



1 forth herein, the Parties agree, subject to the Court’s approval, as follows:

2 15. Attorneys’ Fees and Costs. Defendants agree not to oppose or impede any application
 3 or motion by Class Counsel for attorneys’ fees in the amount up to one third (33.33%) of the Gross
 4 Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00) and reimbursement of actual
 5 costs and expenses associated with Class Counsel’s litigation and settlement of the Actions, in an
 6 amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00), both of which will
 7 be paid from the Gross Fund Value. These amounts will cover any and all work performed and any
 8 and all costs incurred by Class Counsel in connection with the litigation of the Actions, including,
 9 without limitation, all work performed and costs incurred to date, and all work to be performed and
 10 all costs to be incurred in connection with obtaining the Court’s approval of this Settlement
 11 Agreement, including any objections raised and any appeals necessitated by those objections. Class
 12 Counsel shall be solely and legally responsible for correctly characterizing this compensation for tax
 13 purposes and for paying any taxes on the amounts received. The Settlement Administrator shall issue
 14 an IRS Form 1099 to Class Counsel for the Attorneys’ Fees and Costs. Any portion of the requested
 15 Attorneys’ Fees and Costs that is not awarded by the Court to Class Counsel shall be reallocated to
 16 the Net Settlement Amount for the benefit of the Settlement Class Members.

17 16. Enhancement Payment. Defendants agree not to oppose or impede any application or
 18 motion by Plaintiff for an Enhancement Payment in the amount up to seven thousand five hundred
 19 dollars and zero cents (\$7,500.00). The Enhancement Payment, which will be paid from the Gross
 20 Fund Value, subject to Court approval, will be in addition to his Individual Settlement Payment as a
 21 Settlement Class Member and Individual PAGA Payment as an Aggrieved Employee. Plaintiff shall
 22 be solely and legally responsible for correctly characterizing this compensation for tax purposes and
 23 for paying any taxes on the amounts received. The Settlement Administrator shall issue an IRS Form
 24 1099 to Plaintiff for the Enhancement Payment. Any portion of the requested Enhancement Payment
 25 that is not awarded by the Court to Plaintiff shall be reallocated to the Net Settlement Amount for the
 26 benefit of the Settlement Class Members.

27 17. PAGA Payment. Subject to approval by the Court, the Parties agree that the amount
 28 of one hundred and forty-nine thousand five hundred and zero cents (\$149,500.00) shall be allocated



1 from the Gross Fund Value toward penalties under the Private Attorneys General Act, California Labor
2 Code Section 2698, *et seq.* (i.e., the PAGA Payment), of which seventy-five percent (75%), or
3 \$112,125.00, will be paid to the LWDA (i.e., the LWDA Payment) and twenty-five percent (25%), or
4 \$37,375.00, will be distributed to Aggrieved Employees (i.e., the PAGA Employee Amount) on a *pro*
5 *rata* basis, based on the total number of PAGA Workweeks worked by each Aggrieved Employee
6 during the PAGA Period (i.e., the Individual PAGA Payments).

7 18. Settlement Administration Costs. The Settlement Administrator will be paid for the
8 reasonable costs of administration of the Settlement and distribution of payments under the Settlement,
9 which is currently not to exceed eleven thousand five hundred and zero cents (\$11,500.00). These
10 costs, which will be paid from the Gross Fund Value, subject to Court approval, will include, *inter*
11 *alia*, translating the Class Notice to Spanish, printing, distributing, and tracking Class Notices and
12 other documents for the Settlement, calculating and distributing payments due under the Settlement,
13 issuing of 1099 and W-2 IRS Forms and all required tax reporting, filings, withholdings, and
14 remittances, providing necessary reports and declarations, and other duties and responsibilities set
15 forth herein to process the Settlement, and as requested by the Parties. To the extent the actual
16 Settlement Administrator's costs are greater than the estimated amount stated herein, such excess
17 amount will be deducted from the Gross Fund Value, subject to approval by the Court. Any portion
18 of the estimated, designated, and/or awarded Settlement Administration Costs which are not in fact
19 required to fulfill payment to the Settlement Administrator to undertake the required settlement
20 administration duties shall be reallocated to the Net Settlement Amount for the benefit of the
21 Settlement Class Members.

22 19. Escalator Clause. Defendants have represented that the Class Members worked a total
23 of 44,939 Workweeks from November 7, 2019, to August 20, 2024, with regard to California Closet
24 Company, Inc. and from January 1, 2022, to August 20, 2024, with regard to Cal. Closets Retail, Inc.
25 If it is determined by the Settlement Administrator that the qualifying workweeks worked by the Class
26 Members during the Class Period ultimately increase by more than 10% (i.e., if the workweeks exceed
27 49,432) through the date of Preliminary Approval, Defendants, at their option, can either choose to:
28 (1) cut off the end date for the Class Period as of the date on which the number of workweeks reaches

1 49,432, or (2) increase the GFV on a proportional basis equal to the percentage increase in number of
 2 workweeks worked by the Class Members above the 10% (i.e., if there was an 11% increase in the
 3 number workweeks during the Class Period, Defendants would agree to increase the GFV by 1%).

4 20. Individual Settlement Share Calculations. Individual Settlement Shares will be
 5 calculated and apportioned from the Net Settlement Amount based on the Class Members’ number of
 6 Workweeks, as follows:

7 a. After Preliminary Approval, the Settlement Administrator will divide the Net
 8 Settlement Amount by the Workweeks of all Class Members to yield the “Estimated Workweek
 9 Value,” and multiply each Class Member’s individual Workweeks by the Estimated Workweek Value
 10 to yield each Class Member’s estimated Individual Settlement Share that each Class Member may be
 11 entitled to receive under the Class Settlement.

12 b. After Final Approval, the Settlement Administrator will divide the final Net
 13 Settlement Amount by the Workweeks of all Settlement Class Members to yield the “Final Workweek
 14 Value,” and multiply each Settlement Class Member’s individual Workweeks by the Final Workweek
 15 Value to yield each Settlement Class Member’s final Individual Settlement Share.

16 21. Individual PAGA Payment Calculations. Individual PAGA Payments will be
 17 calculated and apportioned from the PAGA Employee Amount based on the Aggrieved Employees’
 18 number of PAGA Workweeks, as follows: The Settlement Administrator will divide the PAGA
 19 Employee Amount, i.e., 25% of the PAGA Payment, by the PAGA Workweeks of all Aggrieved
 20 Employees to yield the “PAGA Workweek Value,” and multiply each Aggrieved Employee’s
 21 individual PAGA Workweeks by the PAGA Workweek Value to yield each Aggrieved Employee’s
 22 Individual PAGA Payment.

23 22. Tax Treatment of Individual Settlement Shares and Individual PAGA Payments. Each
 24 Individual Settlement Share will be allocated as follows: twenty-five percent (25%) wages and
 25 seventy-five percent (75%) for non-wage damages and penalties. The portion allocated to wages will
 26 be reported on an IRS Form W-2 and the portions allocated to penalties and non-wage damages will
 27 be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement
 28 Administrator will withhold the employee’s share of taxes and withholdings with respect to the wages



1 portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their
2 Individual Settlement Payments (i.e., payment of their Individual Settlement Share net of these taxes
3 and withholdings). The Employer Taxes will be paid separately and in addition to the Gross Fund
4 Value. Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties
5 and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

6 23. Administration of Taxes by the Settlement Administrator. The Settlement
7 Administrator will be responsible for issuing to Plaintiff, Settlement Class Members, Aggrieved
8 Employees, and Class Counsel any tax forms (i.e., IRS Forms W-2, IRS Forms 1099, etc.) as may be
9 required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement
10 Administrator will also be responsible for calculating the Employer Taxes and forwarding all payroll
11 taxes and other legally required withholdings to the appropriate government authorities. The
12 Settlement Administrator will provide counsel for Defendants a copy of the tax filings and proof of
13 payment.

14 24. Tax Liability. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel do not
15 intend anything contained in this Settlement Agreement to constitute advice regarding taxes or
16 taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiff, Settlement
17 Class Members, and Aggrieved Employees are not relying on any statement, representation, or
18 calculation by Defendants, the Settlement Administrator, or Class Counsel in this regard. Plaintiff,
19 Settlement Class Members, and Aggrieved Employees understand and agree that Plaintiff, Settlement
20 Class Members, and Aggrieved Employees will be solely responsible for the payment of any taxes
21 and penalties assessed on the payments described in this Settlement Agreement. Plaintiff, Settlement
22 Class Members, and Aggrieved Employees should consult with their tax advisors concerning the tax
23 consequences of any payment they receive under the Settlement.

24 25. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT
25 (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY
26 TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN
27 "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS
28 SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE

1 BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISORS, IS
2 OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE
3 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE
4 MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART
5 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY
6 UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE
7 (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B)
8 HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE
9 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
10 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
11 DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY
12 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
13 ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION
14 THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S
15 TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY
16 BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX
17 TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY
18 TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

19 26. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the
20 Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually
21 are issued to the payee. It is expressly understood and agreed that payments made under this
22 Settlement shall not in any way entitle Plaintiff, Settlement Class Members, or any Aggrieved
23 Employee to additional compensation or benefits under any new or additional compensation or
24 benefits, or any bonus, contest, or other compensation or benefit plan or agreement in place during the
25 Class Period, nor will it entitle Plaintiff, Settlement Class Members, or any Aggrieved Employee to
26 any increased retirement, 401K benefits or matching benefits, or deferred compensation benefits
27 (notwithstanding any contrary language or agreement in any benefit or compensation plan document
28 that might have been in effect during the Class Period).

1 27. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement.

2 Upon execution of this Settlement Agreement, Plaintiff will obtain a hearing date from the Court for
3 Plaintiff’s motion for preliminary approval of the Settlement, which Plaintiff and Class Counsel will
4 be responsible for drafting, and submit this Settlement Agreement to the Court in support of said
5 motion. Class Counsel will provide Defendants’ Counsel a draft of the preliminary approval motion
6 before filing it with the Court. Defendants agree not to oppose the motion for preliminary approval
7 of the Settlement consistent with this Settlement Agreement. By way of said motion, Plaintiff will
8 apply for the entry of the Preliminary Approval Order seeking the following:

- 9 a. Conditionally certifying the Class for settlement purposes only;
- 10 b. Granting Preliminary Approval of the Settlement;
- 11 c. Preliminarily appointing Plaintiff as the representative of the Class;
- 12 d. Preliminarily appointing Class Counsel as counsel for the Class;
- 13 e. Approving as to form and content, the mutually-agreed upon and proposed
14 Class Notice and directing its mailing by First Class U.S. Mail;
- 15 f. Approving the manner and method for Class Members to request exclusion
16 from or object to the Class Settlement as contained herein and within the Class Notice;
- 17 g. Scheduling a Final Approval Hearing at which the Court will determine whether
18 Final Approval of the Settlement should be granted.

19 28. Notice of Settlement to the LWDA. Pursuant to California Labor Code § 2699(1)(2),
20 Class Counsel shall notify the LWDA of the Settlement upon filing the motion for preliminary
21 approval of the Settlement.

22 29. Delivery of Class List. Within thirty (30) calendar days of Preliminary Approval,
23 Defendants will provide the Class List to the Settlement Administrator.

24 30. Notice by First-Class U.S. Mail.
25 a. Within seven (7) calendar days after receiving the Class List from Defendants,
26 the Settlement Administrator will perform a search based on the National Change of Address Database
27 or any other similar services available, such as provided by Experian, for information to update and
28 correct for any known or identifiable address changes, and will mail a Class Notice in English and

The logo consists of the letters 'DS' in a small font above the letters 'RB' in a larger font, both enclosed within a thin blue square border.

1 Spanish (in the form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via
2 First-Class U.S. Mail, using the most current, known mailing addresses identified by the Settlement
3 Administrator.

4 b. Any Class Notice returned to the Settlement Administrator as undeliverable on
5 or before the Response Deadline will be sent promptly via First-Class U.S. Mail to the forwarding
6 address affixed thereto and the Settlement Administrator will indicate the date of such re-mailing on
7 the Class Notice. If no forwarding address is provided, the Settlement Administrator will promptly
8 attempt to determine the correct address using a skip-trace or other search, using the name, address,
9 and/or Social Security number of the Class Member, and perform a single re-mailing within five (5)
10 calendar days.

11 c. Compliance with the procedures described herein above shall constitute due and
12 sufficient notice to Class Members of the Settlement and shall satisfy the requirements of due process.
13 Nothing else shall be required of or done by the Parties, Class Counsel, or Defendants' Counsel to
14 provide notice of the Settlement.

15 31. Disputes Regarding Workweeks and/or PAGA Workweeks. Class Members will have
16 an opportunity to dispute the number of Workweeks and/or PAGA Workweeks to which they have
17 been credited, as reflected in their respective Class Notices, by submitting a timely and valid
18 Workweeks Dispute to the Settlement Administrator, by mail, postmarked on or before the Response
19 Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to
20 determine whether a Workweeks Dispute has been timely submitted. Absent evidence rebutting the
21 accuracy of Defendants' records and data as they pertain to the number of Workweeks and/or PAGA
22 Workweeks to be credited to a disputing Class Member, Defendants' records will be presumed to be
23 correct and determinative of the dispute. However, if a Class Member produces information and/or
24 documents to the contrary, the Settlement Administrator will evaluate the materials submitted by the
25 Class Member and the Settlement Administrator will resolve and determine the number of eligible
26 Workweeks and/or PAGA Workweeks that the disputing Class Member should be credited with under
27 the Settlement. The Settlement Administrator's decision on such disputes will be final and non-
28 appealable.

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1 32. Requesting Exclusion from the Class Settlement. Any Class Member wishing to be
2 excluded from the Class Settlement must submit a timely and valid Request for Exclusion to the
3 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the
4 postmark on the return mailing envelope will be the exclusive means to determine whether a Request
5 for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class
6 Counsel and Defendants' Counsel the number of timely and valid Requests for Exclusion that are
7 submitted, and also identify the individuals who have submitted a timely and valid Request for
8 Exclusion in a declaration that is to be filed with the Court in advance of the Final Approval Hearing.
9 At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members
10 to request exclusion from the Class Settlement. Any Class Member who submits a Request for
11 Exclusion is prohibited from making any objection to the Class Settlement. Any Class Member who
12 submits a timely and valid Request for Exclusion will not be bound by the Class Settlement and will
13 not be issued an Individual Settlement Payment. Any Class Member who does not affirmatively
14 request exclusion from the Class Settlement by submitting a timely and valid Request for Exclusion
15 will be bound by all of the terms of the Class Settlement, including, and not limited to, those pertaining
16 to the Class Released Claims, as well as any judgment that may be entered by the Court if it grants
17 Final Approval to the Settlement. Notwithstanding the above, all Aggrieved Employees will be bound
18 to the PAGA Settlement and will be issued their Individual PAGA Payment, irrespective of whether
19 they submit a Request for Exclusion.

20 33. Objecting to the Class Settlement. To object to the Class Settlement, Settlement Class
21 Members must submit a timely and complete Notice of Objection to the Settlement Administrator, by
22 mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing
23 envelope will be the exclusive means to determine whether a Notice of Objection has been timely
24 submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendants'
25 Counsel the number of Notices of Objection that are submitted (specifying which ones were timely
26 and complete and which were not), and also attach them to a declaration that is to be filed with the
27 Court in advance of the Final Approval Hearing. At no time will any of the Parties or their counsel
28 seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or

1 appeal from the Final Approval Order and Judgment. Settlement Class Members, individually or
2 through counsel, may also present their objection orally at the Final Approval Hearing, regardless of
3 whether they have submitted a Notice of Objection.

4 1. Reports by the Settlement Administrator. The Settlement Administrator shall provide
5 weekly reports to counsel for the Parties providing: (a) the number of undeliverable and re-mailed
6 Class Notices; (ii) the number of Class Members who have submitted Workweeks Disputes; (iii) the
7 number of Class Members who have submitted Requests for Exclusion; and (iv) the number of
8 Settlement Class Members who have submitted Notices of Objection. Additionally, the Settlement
9 Administrator will provide to counsel for the Parties any updated reports regarding the administration
10 of the Settlement Agreement as needed or requested, and immediately notify the Parties when it
11 receives a request from an individual or any other entity regarding inclusion in the Class and/or
12 Settlement or regarding a Workweeks Dispute.

13 34. Defendants' Right to Rescind. If more than seven and a half percent (7.5%) of the
14 Class Members submit timely and valid Requests for Exclusion, Defendants may elect to rescind the
15 Settlement Agreement. Defendants must exercise this right of rescission in writing that is provided to
16 Class Counsel within fourteen (14) calendar days of the Settlement Administrator notifying the Parties
17 of the number of Class Members who have submitted timely and valid Requests for Exclusion
18 following the Response Deadline. If Defendants exercise this option, Defendants shall pay any costs
19 of settlement administration owed to the Settlement Administrator incurred up to that date.

20 35. Certification of Completion. Upon completion of administration of the Settlement, the
21 Settlement Administrator will provide a written declaration under oath to certify such completion to
22 the Court and counsel for all Parties.

23 36. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After
24 the Response Deadline, a Final Approval Hearing will be conducted to determine whether Final
25 Approval of the Settlement should be granted, along with the amounts properly payable for: (a)
26 Individual Settlement Shares; (b) Individual PAGA Payments; (c) LWDA Payment; (d) Attorneys'
27 Fees and Costs; (e) Enhancement Payment; and (f) Settlement Administration Costs. The Final
28 Approval Hearing will not be held earlier than thirty (30) calendar days after the Response Deadline.

1 Plaintiff and Class Counsel will be responsible for drafting the motion seeking Final Approval of the
2 Settlement. Class Counsel will provide Defendants’ Counsel a draft of the final approval motion
3 before filing it with the Court. By way of said motion, Plaintiff will apply for the entry of the Final
4 Approval Order and Judgment, which will provide for, in substantial part, the following:

- 5 a. Approval of the Settlement as fair, reasonable, and adequate, and directing
- 6 consummation of its terms and provisions;
- 7 b. Certification of the Settlement Class;
- 8 c. Approval of the application for Attorneys’ Fees and Costs to Class Counsel;
- 9 d. Approval of the application for Enhancement Payment to Plaintiff;
- 10 e. Directing Defendants to fund all amounts due under the Settlement Agreement
- 11 and ordered by the Court; and
- 12 f. Entering judgment in the Actions, while maintaining continuing jurisdiction, in
- 13 conformity with California Rules of Court 3.769 and the Settlement Agreement.

14 37. Funding of the Gross Fund Value. No later than thirty (30) days after the Effective
15 Date, Defendants will deposit the Gross Fund Value into a Qualified Settlement Fund (“QSF”) within
16 the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement
17 Administrator. Defendants shall provide all information necessary for the Settlement Administrator
18 to calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance
19 tax ID number, and other information requested by the Settlement Administrator, no later than ten
20 (10) business days after the Effective Date.

21 38. Distribution of the Gross Fund Value. Within seven (7) days of the funding of the
22 Gross Fund Value, the Settlement Administrator will issue the Individual Settlement Payments to
23 Settlement Class Members, Individual PAGA Payments to Aggrieved Employees, LWDA Payment
24 to the LWDA, Enhancement Payment to Plaintiff, Attorneys’ Fees and Costs to Class Counsel, and
25 Settlement Administration Costs to itself. The Settlement Administrator shall also set aside the
26 Employer Taxes and all employee-side payroll taxes, contributions, and withholding, and timely
27 forward these to the appropriate government authorities.

28 39. Settlement Checks. The Settlement Administrator will be responsible for undertaking
appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way

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1 of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the
 2 Aggrieved Employees in accordance with this Settlement Agreement. When issuing payments, the
 3 Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA
 4 Payment into one check if the intended recipient for both payments is one individual. Settlement Class
 5 Members and Aggrieved Employees are not required to submit a claim to be issued an Individual
 6 Settlement Payment and/or Individual PAGA Payment. Each Individual Settlement Payment and
 7 Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180)
 8 calendar days from the date the checks are issued, and thereafter, shall be canceled. Any funds
 9 associated with such canceled checks shall be distributed by the Settlement Administrator to the State
 10 of California’s Unclaimed Property Fund in the name of the Settlement Class Member and/or
 11 Aggrieved Employee. The Parties agree that this disposition results in no “unpaid residue” under
 12 California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to
 13 Settlement Class Members, whether they cash their settlement checks. Therefore, Defendants will not
 14 be required to pay any interest on such amounts. The Settlement Administrator shall undertake
 15 amended and/or supplemental tax filings and reporting required under applicable local, state, and
 16 federal tax laws that are necessitated due to the cancelation of any Individual Settlement Payment
 17 and/or Individual PAGA Payment checks. Settlement Class Members whose Individual Settlement
 18 Payment checks are canceled shall, nevertheless, be bound by the Class Settlement, and Aggrieved
 19 Employees whose Individual PAGA Payment checks are cancelled shall, nevertheless, be bound by
 20 the PAGA Settlement.

21 40. Class Settlement Release. Upon the full funding of the Gross Fund Value, Plaintiff and
 22 all Settlement Class Members will be deemed to have fully, finally, and forever released, settled,
 23 compromised, relinquished, and discharged the Released Parties of all Class Released Claims.

24 41. PAGA Settlement Release. Upon the full funding of the Gross Fund Value, Plaintiff,
 25 the State of California with respect to all Aggrieved Employees, and all Aggrieved Employees will be
 26 deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged
 27 the Released Parties of all PAGA Released Claims.

28 42. Plaintiff’s General Release. Upon the full funding of the Gross Fund Value, Plaintiff,



1 individually and on his own behalf, will be deemed to have fully, finally, and forever released, settled,
 2 compromised, relinquished, and discharged the Released Parties from any and all claims, debts,
 3 liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, or causes of
 4 action of any kind or nature whatsoever, known or unknown, suspected or unsuspected, asserted or
 5 unasserted, which Plaintiff, at any time of execution of this Settlement Agreement, had or claimed to
 6 have or may have, including, but not limited to, any and all claims arising out of, relating to, or
 7 resulting from his employment and/or separation of employment with the Released Parties, including
 8 any claims arising under any federal, state, or local law, statute, ordinance, rule, or regulation or
 9 Executive Order relating to employment, including, but in no way limited to, any claim under Title
 10 VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 1981; the Americans with Disabilities
 11 Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act; the California
 12 Family Rights Act; the California Fair Employment and Housing Act; all claims for wages or penalties
 13 under the Fair Labor Standards Act; all claims for wages or penalties under the California Labor Code;
 14 Business and Professions Code sections 17200 *et seq.*; all laws relating to violation of public policy,
 15 retaliation, or interference with legal rights; any and all other employment or discrimination laws;
 16 whistleblower claims; any tort, fraud, or constitutional claims; and any breach of contract claims or
 17 claims of promissory estoppel. It is agreed that this is a general release and is to be broadly construed
 18 as a release of all claims, provided that, notwithstanding the foregoing, this Paragraph expressly does
 19 not include a release of any claims that cannot be released hereunder by law. Plaintiff understands
 20 and expressly agrees that this Settlement Agreement extends to claims that he has against Defendants,
 21 of whatever nature and kind, known or unknown, suspected or unsuspected, vested or contingent, past,
 22 present, or future, arising from or attributable to an incident or event, occurring in whole or in part, on
 23 or before the execution of this Settlement Agreement. Any and all rights granted under any state or
 24 federal law or regulation limiting the effect of this Settlement Agreement, including the provisions of
 25 Section 1542 of the California Civil Code, ARE HEREBY EXPRESSLY WAIVED. Section 1542 of
 26 the California Civil Code reads as follows:

27 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR**
 28 **OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER**



1 **FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM**
2 **OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH**
3 **THE DEBTOR OR RELEASED PARTY.**

4 43. Final Approval Order and Judgment. The Parties shall provide the Settlement
5 Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court,
6 and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for
7 sixty (60) calendar days. No individualized notice of the Final Approval Order and Judgment to the
8 Class will be required.

9 44. Continued Jurisdiction. After entry of the judgment pursuant to the Settlement, the
10 Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and
11 Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the
12 interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters,
13 and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this
14 Settlement Agreement.

15 45. Effects of Termination or Rescission of Settlement. Termination or rescission of the
16 Settlement Agreement shall have the following effects:

17 a. The Settlement Agreement shall be void and shall have no force or effect, and
18 no Party shall be bound by any of its terms;

19 b. In the event the Settlement Agreement is terminated, Defendants shall have no
20 obligation to make any payments to any Party, Class Member, or attorney, except that the terminating
21 Party shall pay the Settlement Administrator for services rendered up to the date the Settlement
22 Administrator is notified that the Settlement has been terminated;

23 c. The Preliminary Approval Order, Final Approval Order and Judgment,
24 including any order certifying the Class, shall be vacated;

25 d. The Settlement Agreement and all negotiations, statements, and proceedings
26 relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be
27 restored to their respective positions in the Actions prior to the execution of the Settlement Agreement;

28 e. Neither this Settlement Agreement, nor any ancillary documents, actions,

1 statements, or filings in furtherance of the Settlement (including all matters associated with the
2 mediation) shall be admissible or offered into evidence in the Actions or any other action for any
3 purpose whatsoever; and

4 f. Any documents generated to bring the Settlement into effect, will be null and
5 void, and any order or judgment entered by the Court in furtherance of this Settlement Agreement will
6 likewise be treated as void from the beginning.

7 46. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
8 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
9 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause
10 of action or right herein released and discharged.

11 47. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set
12 forth in any attached exhibits, which are incorporated by this reference as though fully set forth in this
13 Settlement Agreement. Any exhibits to this Settlement Agreement are an integral part of the
14 Settlement.

15 48. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the
16 entirety of the Parties' agreement relating to the Settlement and transactions completed in accordance
17 with the Settlement, and all prior or contemporaneous agreements, understandings, representations,
18 and statements, whether oral or written and whether by a Party or such Party's legal counsel, are
19 merged in this Settlement Agreement. No other prior or contemporaneous written or oral agreements
20 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code § 1625
21 and California Code of Civil Procedure § 1856(a), which provide that a written agreement is to be
22 construed according to its terms and may not be varied or contradicted by extrinsic evidence, and the
23 Parties agree that no such extrinsic oral or written representations or terms will modify, vary, or
24 contradict the terms of this Settlement Agreement.

25 49. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in
26 the Actions (including with respect to California Code of Civil Procedure § 583.310), except such
27 proceedings necessary to implement and complete this Settlement Agreement, pending the Final
28 Approval Hearing to be conducted by the Court.

50. Amendment or Modification. Prior to the filing of the motion for preliminary approval
of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement

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1 except by written agreement signed by counsel for all Parties. After the filing of the motion for
2 preliminary approval of the Settlement, the Parties may not amend or modify any provision of this
3 Settlement Agreement except by written agreement signed by counsel for all the Parties and subject
4 to Court approval. A waiver or amendment of any provision of this Settlement Agreement will not
5 constitute a waiver of any other provision.

6 51. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
7 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
8 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
9 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
10 effectuate the terms of this Settlement Agreement. Each Party warrants that he/it understands and has
11 full authority to enter into this Settlement Agreement, and further intends that this Settlement
12 Agreement will be fully enforceable and binding on him/it, as the case may be, and agrees that this
13 Settlement Agreement will be admissible and subject to disclosure in any proceeding to enforce its
14 terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under
15 state or federal law.

16 52. Signatories. It is agreed that because the members of the Class are so numerous, it is
17 impossible or impractical to have each Settlement Class Member or Aggrieved Employee execute this
18 Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the
19 Class Settlement as to the Settlement Class Members and the binding nature of the PAGA Settlement
20 as to the Aggrieved Employees, and the releases provided for by this Settlement Agreement shall have
21 the same force and effect as if this Settlement Agreement were executed by each Settlement Class
22 Member and Aggrieved Employee.

23 53. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
24 and inure to the benefit of, the successors or assigns of each of the Parties hereto, as previously defined.

25 54. California Law Governs. All terms of this Settlement Agreement and attached exhibits
26 hereto will be governed by and interpreted according to the laws of the State of California.

27 55. Execution and Counterparts. This Settlement Agreement is subject only to the
28 execution of all Parties. However, this Settlement Agreement may be executed in one or more
counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned

1 copies of the signature page, will be deemed to be one and the same instrument.

2 56. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
3 Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived
4 at this Settlement after arm’s length negotiations and in the context of adversarial litigation, taking
5 into account all relevant factors, present and potential. The Parties further acknowledge that they are
6 each represented by competent counsel and that they have had an opportunity to consult with their
7 counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if
8 necessary to obtain approval of the Settlement, the Mediator may execute a declaration supporting the
9 Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the
10 Mediator to discuss the Settlement and whether the Settlement is objectively fair and reasonable.

11 57. Invalidity of Any Provision. Before declaring any provision of this Settlement
12 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent
13 possible consistent with applicable precedents so as to define all provisions of this Settlement
14 Agreement valid and enforceable.

15 58. Plaintiff’s Cooperation. Plaintiff agrees to sign this Settlement Agreement and, by
16 signing this Settlement Agreement, is hereby bound by the terms herein and agrees to fully cooperate
17 to implement the Settlement.

18 59. Non-Admission of Liability. The Parties enter into this Settlement Agreement to
19 resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of
20 continued litigation. In entering into this Settlement Agreement, Defendants do not admit, and
21 specifically deny, they have violated any federal, state, or local law; violated any regulations or
22 guidelines promulgated pursuant to any statute or any other applicable laws, regulations, or legal
23 requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation
24 or deception; or engaged in any other unlawful conduct with respect to its employees. Neither this
25 Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations connected with
26 it, shall be construed as an admission or concession by Defendants of any such violations or failures
27 to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this
28 Settlement Agreement, this Settlement Agreement and its terms and provisions shall not be offered or



1 received as evidence in any action or proceeding to establish any liability or admission on the part of
2 Defendants or to establish the existence of any condition constituting a violation of, or a non-
3 compliance with, federal, state, local or other applicable law.

4 60. Captions. The captions and paragraph numbers in this Settlement Agreement are
5 inserted for the reader’s convenience, and in no way define, limit, construe, or describe the scope or
6 intent of the provisions of this Settlement Agreement.

7 61. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
8 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be
9 construed more strictly against one Party than another merely by virtue of the fact that it may have
10 been prepared by counsel for one of the Parties, it being recognized that, because of the arms-length
11 negotiations between the Parties, all Parties have contributed equally to the preparation of this
12 Settlement Agreement.

13 62. Representation By Counsel. The Parties acknowledge that they have been represented
14 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
15 that this Settlement Agreement has been executed with the consent and advice of counsel, and
16 reviewed in full.

17 63. All Terms Subject to Final Court Approval. All amounts and procedures described in
18 this Settlement Agreement herein will be subject to final Court approval.

19 64. Notices. All notices, demands, and other communications to be provided concerning
20 this Settlement Agreement shall be in writing and deemed to have been duly given as of the third
21 business day after mailing by First Class U.S. Mail, or the day sent by email or messenger, addressed
22 as follows:

23 To Plaintiff and Class Counsel:
24 Jonathan M. Genish
jgenish@blackstonepc.com
25 Karen I. Gold
kgold@blackstonepc.com
26 Sara Pezeshkpour
spezeshkpour@blackstonepc.com
27 Ashley H. Cruz
acruz@blackstonepc.com
28 Marissa A. Mayhood



1 mmayhood@blackstonepc.com
2 **BLACKSTONE LAW, APC**
3 8383 Wilshire Boulevard, Suite 745
4 Beverly Hills, California 90211
5 Tel: (310) 622-4278 / Fax: (855) 786-6356

6 To Defendants:
7 P. Dustin Bodaghi
8 dbodaghi@littler.com
9 Kimberly M. Shappley
10 kshappley@littler.com
11 LITTLER MENDELSON, P.C.
12 18565 Jamboree Road
13 Suite 800
14 Irvine, California 92612
15 Tel: (949) 705-3000 / Fax: (949) 724-1201


16 65. Cooperation and Execution of Necessary Documents. All Parties and their counsel will
17 cooperate with each other in good faith and use their best efforts to implement the Settlement,
18 including, and not limited to, executing all documents to the extent reasonably necessary to effectuate
19 the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or
20 content of any document needed to implement this Settlement Agreement, or on any supplemental
21 provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties
22 may seek the assistance of the Mediator and then the Court to resolve such disagreement.

23 **IN WITNESS WHEREOF**, the Parties hereto knowingly and voluntarily executed this Joint
24 Stipulation of Class Action and PAGA Settlement between Plaintiff and Defendant:

25 **IT IS SO AGREED.**

26 **PLAINTIFF JESSE ROMERO**

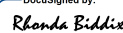
27 Dated: 10/25/2024

28 

Jesse Romero

DEFENDANT CALIFORNIA CLOSET COMPANY, INC.

Dated: 11/3/2024

DocuSigned by:

AC08BF22BC7040F...

Full Name: Rhonda Biddix
Title: CFO

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On behalf of California Closet Company, Inc.

**DEFENDANT CAL. CLOSET RETAIL,
INC.**

Dated: 11/3/2024

DocuSigned by:
Rhonda Biddix
AC0B8F22B07040F...

Full Name: Rhonda Biddix


Title: CFO

On behalf of Cal. Closet Retail, Inc.

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BLACKSTONE LAW, APC

Dated: January 27, 2025




Karen I. Gold

*Attorneys for Plaintiff Jesse Romero and
Proposed Class Counsel*

LITTLER MENDELSON, P.C.

Dated: January 27, 2025



P. Dustin Bodaghi
Attorneys for Defendants

Ex. A

NOTICE OF CLASS ACTION AND PAGA SETTLEMENT

Jesse Romero v. Cal. Closets Retail Inc., et al.

Superior Court of California for the County of Los Angeles, Case Nos. 23STCV27355; 23STCV31746

PLEASE READ THIS CLASS NOTICE CAREFULLY.

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

YOU ARE NOTIFIED THAT: A class and representative action settlement has been reached between Plaintiff Jesse Romero (“Plaintiff”) and Defendants California Closet Company, Inc. and Cal Closets Retail, Inc. (collectively, “Defendants”) (Plaintiff and Defendants are collectively referred to as the “Parties”) in the cases entitled *Jesse Romero v. Cal. Closets Retail Inc., et al.*, Los Angeles County Superior Court, Case Nos. 23STCV27355; 23STCV31746 (the “Actions”), which may affect your legal rights. On [date of Preliminary Approval], the Court granted preliminary approval of the settlement and scheduled a hearing on [hearing date] at [hearing time] to determine whether or not the Court should grant final approval of the settlement (“Final Approval Hearing”).

I. IMPORTANT DEFINITIONS

“**Class**” or “**Class Member**” means all current and former hourly-paid and/or non-exempt employees who worked for Defendants within the State of California at any time during the Class Period.

“**Class Period**” means the period from November 7, 2019, through Preliminary Approval of the settlement with regard to Defendant California Closet Company, Inc., and January 1, 2022, through Preliminary Approval of the settlement with regard to defendant Cal Closets Retail, Inc.

“**Class Settlement**” means the settlement and resolution of all Class Released Claims (as defined below).

“**Aggrieved Employees**” means all current and former hourly-paid and/or non-exempt employees who worked for Defendants in the State of California at any time during the PAGA Period.

“**PAGA Period**” means the period from October 24, 2022, through Preliminary Approval of the settlement.

“**PAGA Settlement**” means the settlement and resolution of all PAGA Released Claims (as defined below).

“**Preliminary Approval**” means the date the Court issues its order preliminarily approving the settlement.

II. BACKGROUND OF THE ACTION

On October 24, 2023, Plaintiff provided written notice to the California Labor and Workforce Development Agency (“LWDA”) and Defendants of alleged violations of the California Labor Code (“PAGA Letter”). On November 7, 2023, Plaintiff commenced a putative class action lawsuit by filing a Class Action Complaint for Damages in the Los Angeles County Superior Court, Case No. 23STCV27355. On December 28, 2023, Plaintiff filed a Complaint for Enforcement Action Under the Private Attorneys General Act, California Labor Code §§ 2698. *et seq.* in the Los Angeles County Superior Court, Case No. 23STCV31746. On October 8, 2024, Plaintiff provided written notice to the LWDA and Defendants of additional provisions of the California Labor Code that Plaintiff contends were violated (“Amended PAGA Letter”). On October 10, 2024, Plaintiff filed a First Amended Class and PAGA Representative Action Complaint (“Operative Complaint”) alleging the following causes of action: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations; (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6) Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements, Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; (12) Unfair Competition; and (13) Violation of the California Private Attorneys General Act.

Plaintiff contends that Defendants failed to: (i) properly pay minimum and overtime wages, (ii) provide compliant meal and

rest breaks and associated premiums, (iii) timely pay wages during employment, (iv) timely pay wages upon termination of employment and associated waiting-time penalties, (v) provide accurate wage statements, (vi) properly pay vacation and holiday wages, (vii) provide proper payment of final wages, (viii) provide sick leave and notice of entitlement to sick leave and (ix) reimburse business expenses, and thereby (x) engaged in unfair business practices in violation of the California Business and Professions Code section 17200, *et seq.*, and (xi) conduct that gives rise to penalties under the PAGA. Plaintiff sought, among other things, recovery of unpaid wages and meal and rest period premiums, unreimbursed business expenses, restitution, penalties, interest, and attorneys' fees and costs.

Defendants deny all of the allegations in the Actions, that they violated any law, or that they failed to pay any wages and contend they complied with all applicable laws.

The Parties participated in mediation with a respected class action mediator, and as a result, the Parties reached a settlement. The Parties have since entered into a Joint Stipulation of Class Action and PAGA Settlement ("Settlement" or "Settlement Agreement").

On [Date of Preliminary Approval], the Court entered an order preliminarily approving the Settlement. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or 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 Defendants to make payments under the Settlement and require Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendants unless they timely opt-out of the settlement.

If you are a Class Member, you need not take any action to receive an Individual Settlement Payment, but you have the opportunity to request exclusion from the Class Settlement (in which case you will not receive an Individual Settlement Payment), object to the Class Settlement, and/or dispute the Workweeks and/or PAGA Workweeks credited to you, if you so choose, as explained more fully in Sections III and IV below. If you are an Aggrieved Employee, you do not need to take any action to receive an Individual PAGA Payment; you will not have the opportunity to object or seek exclusion from the PAGA Settlement and all Aggrieved Employees will be bound to the PAGA Settlement if the Court grants final approval of the Settlement.

The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendants that the claims in the Actions have merit or that Defendants have any liability to Plaintiff, Class Members, or Aggrieved Employees. Plaintiff and Defendants, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of the Class Members, the State of California, and Aggrieved Employees.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula

The total gross settlement amount is one million four hundred and ninety-five thousand dollars and zero cents (\$1,495,000.00) (the "Gross Fund Value"). The portion of the Gross Fund Value that is available for payment to Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Gross Fund Value less the following payments which are subject to approval by the Court: (1) attorneys' fees, in an amount not to exceed 33.33% of the Gross Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00), and reimbursement of litigation costs and expenses, in an amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00) to Class Counsel; (2) Enhancement Payment in an amount not to exceed seven thousand five hundred dollars and zero cents (\$7,500.00) to Plaintiff for his services in the Actions; (3) the amount of one hundred and forty-nine thousand five hundred and zero cents (\$149,500.00) allocated toward civil penalties under the Private Attorneys General Act ("PAGA Payment"), of which the LWDA will be paid 75% (\$112,125.00) ("LWDA Payment") and the remaining 25% (\$37,375.00) will be distributed to Aggrieved Employees ("PAGA Employee Amount"); and (4) Settlement Administration Costs in an amount not to exceed eleven thousand five hundred and zero cents (\$11,500.00) to Apex Class Action, LLC ("Settlement Administrator").

Class Members are eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount (“Individual Settlement Share”) based on the number of weeks each Class Member worked for Defendants as an hourly-paid or non-exempt employee in California during the Class Period (“Workweeks”). The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the “Estimated Workweek Value,” and multiplied each Class Member’s individual Workweeks by the Estimated Workweek Value to yield an estimated Individual Settlement Share that each Class Member may be entitled to receive under the Class Settlement (which is listed in Section III.C below). Class Members who do not submit a timely and valid Request for Exclusion (“Settlement Class Members”) will be issued their final Individual Settlement Payment following final approval of the settlement by the Court.

Each Individual Settlement Share will be allocated as twenty-five percent (25%) as wages, which will be reported on an IRS Form W-2, and seventy-five percent (75%) as non-wage damages and penalties, which will be reported on an IRS Form 1099 (if applicable). Each Individual Settlement Share will be subject to reduction for the employee’s share of payroll taxes and withholdings with respect to the wages portion of the Individual Settlement Shares resulting in a net payment to the Settlement Class Member (“Individual Settlement Payment”). The employer’s share of taxes and contributions in connection with the wages portion of Individual Settlement Shares (“Employer Taxes”) will be paid by Defendants separately and in addition to the Gross Fund Value.

Aggrieved Employees are eligible to receive payment under the PAGA Settlement of their *pro rata* share of the PAGA Employee Amount (“Individual PAGA Payment”) based on the number of weeks each Aggrieved Employee worked for Defendants as an hourly-paid or non-exempt employee in California during the PAGA Period (“PAGA Workweeks”). The Settlement Administrator has divided the PAGA Employee Amount, i.e., 25% of the PAGA Payment, by the PAGA Workweeks of all Aggrieved Employees to yield the “PAGA Workweek Value,” and multiplied each Aggrieved Employee’s individual PAGA Workweeks by the PAGA Workweek Value to yield each Aggrieved Employee’s Individual PAGA Payment.

Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, will not be subject to withholdings, and will be reported on IRS Form 1099 (if applicable).

If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to Settlement Class Members and Individual PAGA Payments will be mailed to Aggrieved Employees at the address that is on file with the Settlement Administrator. **If the address to which this Class Notice was mailed is not correct, or if you move after you receive this Class Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure you receive any payment that you may be entitled to under the Settlement.**

B. Your Workweeks and PAGA Workweeks (if applicable) Based on Defendant’s Records

According to Defendants’ records:

- **From [REDACTED] through [REDACTED] (i.e., the Class Period), you are credited as having worked [REDACTED] Workweeks.**
- **From [REDACTED] through [REDACTED] (i.e., the PAGA Period), you are credited as having worked [REDACTED] PAGA Workweeks.**

If you wish to dispute the Workweeks and/or PAGA Workweeks credited to you, you must submit your dispute in writing to the Settlement Administrator (“Workweeks Dispute”). The Workweeks Dispute must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc., et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and the last four (4) digits of your Social Security number; (c) clearly state that you dispute the number of Workweeks and/or PAGA Workweeks credited to you and what you contend is the correct number; (d) include support for your challenge by sending copies of pay stubs or other records; and (e) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B below, postmarked **on or before [Response Deadline]**.

The Settlement Administrator will accept Defendants’ calculation of Workweeks based on Defendants’ 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 Settlement Administrator will resolve Workweek challenges based on your submission and on input from Class Counsel and Defendants’ Counsel. The Settlement Administrator’s decision is final.

You can't appeal or otherwise challenge its final decision.

C. Your Estimated Individual Settlement Share and Individual PAGA Payment (if applicable)

As explained above, your estimated Individual Settlement Share and Individual PAGA Payment (if applicable) is based on the number of Workweeks and PAGA Workweeks (if applicable) credited to you.

Under the terms of the Settlement, your Individual Settlement Share is estimated to be \$ [REDACTED]. The Individual Settlement Share is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

Under the terms of the Settlement, your Individual PAGA Payment is estimated to be \$ [REDACTED] and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

The settlement approval process may take multiple months. Your Individual Settlement Share and Individual PAGA Payment (if applicable) reflected in this Class Notice is only an estimate. Your actual Individual Settlement Payment and Individual PAGA Payment (if applicable) may be higher or lower.

D. Release of Claims

Upon the full funding of the Gross Fund Value, Plaintiff and all Settlement Class Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Class Released Claims.

Upon the full funding of the Gross Fund Value, Plaintiff, the State of California with respect to all Aggrieved Employees, and all Aggrieved Employees will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all PAGA Released Claims.

“Class Released Claims” means all claims that were alleged, or reasonably could have been alleged based on the factual allegations contained in the Operative Complaint, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, 2802, California Industrial Commission Wage Orders, and including all claims related to alleged: (1) Minimum Wage and Straight Time Violations; (2) Overtime Wage Violations; (3) Unpaid Vacation and Holiday Wages; (4) Meal Period Violations; (5) Rest Period Violations; (6) Failure to Timely Pay Wages During Employment; (7) Failure to Provide Accurate Wage Statements, Maintain Required Records, and Recordkeeping Violations; (8) Failure to Pay All Wages Earned and Unpaid at Separation; (9) Improper Payment of Final Wages; (10) Failure to Reimburse Business Expenses; (11) Failure to Provide Sick Leave and Notice of Entitlement to Sick Leave; and (12) Unfair Competition. This further includes any and all other claims under California common law, the California Labor Code, and the California Business and Professions Code alleged in or that could have been alleged under the facts, allegations and/or claims pleaded in the Actions. This expressly excludes the PAGA Released Claims, which are separately released below.

“PAGA Released Claims” means upon Defendant's fulfillment of its payment obligations of this Agreement, in exchange for the consideration provided by this Agreement, Plaintiff, the State of California, the LWDA, the Aggrieved Employees and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns and any other representative, proxy, or agent thereof shall release the Released Parties from all claims made or which could have been made for civil penalties under the PAGA, Labor Code section 2698, et seq., based on the facts pled in Plaintiff's letters to the LWDA (including his initial letter to the LWDA and the amended letter discussed above) and the Operative Complaint, from October 24, 2022 to the date of Preliminary Approval of the settlement including, but not limited to, any and all claims for PAGA penalties involving any allegations that Defendants failed to pay all wages due (including minimum wages, regular wages, sick pay, vacation pay, holiday pay, paid time off and overtime wages or double time wages); failed to provide legally-compliant meal and rest breaks and failed to pay premium pay for missed, late, interrupted or short meal and rest breaks; failed to timely pay all earned wages and compensation; failed to timely pay wages during employment; improper payment of final wages; failure to provide sick leave and notice of entitlement to sick leave; failed to reimburse necessary business expenses; failed to provide timely final pay; failed to maintain required records;

recordkeeping violations; failed to properly pay sick pay and vacation time; failed to provide accurate itemized wage statements, as well as any claims under the California Labor Code for violations of Labor Code sections 201, 202, 203, 204, 210, 213, 216, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.6, 226.7, 227.3, 233, 245, 245.5, 246, 246.5, 247, 247.5, 248.1, 248.2, 249, 256, 510, 511, 512, 551, 558, 558.1, 1174, 1174.5, 1185, 1194, 1197, 1197.1, 1198, 1199, 2800, 2802, and applicable IWC Wage Orders, and California Code of Regulations, Title 8, section 11000, et seq. The Aggrieved Employees shall release their PAGA claims, to the extent they have any interest, in their entirety and may not opt out of the PAGA Released Claims.

“Released Parties” means: (i) Defendants; (ii) each of Defendants’ past, present, and future direct and indirect parents; (iii) the respective past, present, and future direct and indirect subsidiaries and affiliates of any of the foregoing; (iv) the past, present, and future shareholders, directors, officers, agents, employees, attorneys, insurers, members, partners, managers, contractors, agents, consultants, representatives, administrators, fiduciaries, benefit plans, transferees, predecessors, successors and assigns of any of the foregoing; and (v) any individual or entity which could be jointly liable with any of the foregoing.

E. Attorneys’ Fees and Costs to Class Counsel

Class Counsel will seek attorneys’ fees in an amount not to exceed one third (33.33%) of the Gross Fund Value (i.e., \$498,333.33 if the Gross Fund Value is \$1,495,000.00) and reimbursement of litigation costs and expenses in an amount not to exceed twenty-three thousand dollars and zero cents (\$23,000.00) (collectively, “Attorneys’ Fees and Costs”), subject to approval by the Court. The Attorneys’ Fees and Costs granted by the Court will be paid from the Gross Fund Value. Class Counsel has been prosecuting the Actions on behalf of Plaintiff, Class Members, and Aggrieved Employees on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses.

F. Enhancement Payment to Plaintiff

Plaintiff will seek the amount of seven thousand five hundred dollars and zero cents (\$7,500.00) (“Enhancement Payment), in recognition of his services in connection with the Actions. The Enhancement Payment will be paid from the Gross Fund Value, subject to approval by the Court, and if awarded, it will be paid to Plaintiff in addition to his Individual Settlement Payment and Individual PAGA Payment that he is entitled to under the Settlement.

G. Settlement Administration Costs to Settlement Administrator

Payment to the Settlement Administrator is estimated not to exceed eleven thousand five hundred and zero cents (\$11,500.00) (“Settlement Administration Costs”) for the costs of the notice and settlement administration process, including, and not limited to, the expense of notifying the Class Members of the Settlement, processing Requests for Exclusion, Notices of Objection, and Workweeks Disputes, calculating Individual Settlement Shares, Individual Settlement Payments, and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Gross Fund Value, subject to approval by the Court.

IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. Participate in the Settlement

If you want to participate in the Class Settlement and receive money from the Class Settlement, you do not have to do anything. You will automatically be included in the Class Settlement and issued your Individual Settlement Payment unless you decide to exclude yourself from the Class Settlement.

Unless you elect to exclude yourself from the Class Settlement and if the Court grants final approval of the Settlement, you will be bound by the terms of the Class Settlement and any judgment that may be entered by the Court based thereon, and you will release the Class Released Claims against the Released Parties as described in Section III.D above.

If you are an **Aggrieved** Employee and the Court grants final approval of the Settlement, you will automatically be included in the PAGA Settlement and issued your Individual PAGA Payment. This means you will be bound by the terms of the PAGA Settlement and any judgment that may be entered by the Court based thereon, and you will release the PAGA Released Claims against the Released Parties as described in Section III.D above.

As a Class Member and **Aggrieved** Employee (if applicable), you will not be separately responsible for the payment of

attorney's fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney's fees and expenses.

B. Request Exclusion from the Class Settlement

Class Members may request to be excluded from the Class Settlement by submitting a letter ("Request for Exclusion") to the Settlement Administrator, at the following address:

[Settlement Administrator]
[Mailing Address]

A Request for Exclusion must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc. et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security number; (c) clearly state that you do not wish to be included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the specified address above, postmarked **on or before** [Response Deadline].

If the Court grants final approval of the Settlement, any Class Member who submits a timely and valid Request for Exclusion will not be issued an Individual Settlement Payment, will not be bound by the Class Settlement (and the release of Class Released Claims described in Section III.D above), and will not have any right to object to, appeal, or comment on the Class Settlement. Class Members who do not submit a timely and valid Request for Exclusion will be deemed Settlement Class Members and will be bound by all terms of the Class Settlement, including those pertaining to the release of claims described in Section III.D above, as well as any judgment that may be entered by the Court based thereon.

Aggrieved Employees will be bound to the PAGA Settlement (and the release of PAGA Released Claims described in Section III.D above) and will still be issued an Individual PAGA Payment, irrespective of whether they submit a Request for Exclusion.

C. Object to the Class Settlement

You can object to the Class Settlement as long as you have not submitted a Request for Exclusion by submitting a written objection ("Notice of Objection") to the Settlement Administrator.

The Notice of Objection must: (a) contain the case name and number of the Actions (*Jesse Romero v. Cal. Closets Retail Inc. et al.*, Case Nos. 23STCV27355; 23STCV31746); (b) contain your full name, signature, address, telephone number, and the last four (4) digits of your Social Security number; (c) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; and (e) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B above, postmarked **on or before** [Response Deadline].

You may also appear at the Final Approval Hearing (discussed below) and present your objection orally, regardless of whether you have submitted a Notice of Objection.

D. Need to Promptly Cash Payment Checks

The front of every check issued for Individual Class 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 are sent to the Controller's Unclaimed Property, you should consult the rules of the California Controller's Unclaimed Property Fund for instructions on how to retrieve your money.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Department 7 of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California, 90012 on [date], at [time], to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve and grant the Attorneys' Fees and Costs to Class Counsel, Enhancement Payment to Plaintiff, and Settlement Administration Costs to the Settlement Administrator.

The Final Approval Hearing may be continued without further notice to the Class Members and Aggrieved Employees. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

You can find more information regarding appearing remotely through LA Court Connect online at: <https://www.lacourt.org/laccligibility/ui/civil.aspx?casetype=ci>.

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement Agreement, you should review the detailed Settlement Agreement and other papers, which are on file with the Court.

You may view the Settlement Agreement and other documents filed in the Action by for a fee by making an appointment in advance and visiting the civil clerk's office during business hours, located at the Stanley Mosk Courthouse, 111 North Hill Street, Los Angeles, California 90012, or online by visiting the following website: <https://www.lacourt.org/casesummary/ui/>

You may also visit the Settlement Administrator's website at [redacted] for more information and documents relating to the Settlement, or you may contact Plaintiff's attorneys and counsel for the Class (whose information is also below):

Settlement Administrator:

[Settlement Administrator]

[Mailing Address]

[Telephone]

[Email address]

Class Counsel:

Jonathan M. Genish

Karen I. Gold

Sara Pezeshkpour

Ashley H. Cruz

Marissa A. Mayhood

Blackstone Law, APC

8383 Wilshire Boulevard, Suite 745

Beverly Hills, California 90211

Tel: (310) 622-4278 / Fax: (855) 786-6356

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT.

IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: [INSERT], OR YOU MAY ALSO CONTACT CLASS COUNSEL.