

1 Letter” collectively with Jaramillo PAGA Letter is “PAGA Letters”).

2 4. On November 27, 2023, Plaintiff Tyler Krug & Francisco Balbuena filed a Class Action
3 Complaint for Damages in the action entitled *Tyler Krug et al. v. EKC Enterprises, Inc. et al.* Kern
4 County Superior Court Case No. BCV-23-103975 (“Krug Action” collectively with Jaramillo Action
5 is defined hereinafter as “Actions”), thereby commencing a putative class action against Defendant.

6 5. On January 18, 2024, Plaintiffs Tyler Krug & Francisco Balbuena filed a First
7 Amended Class and Representative Action Complaint, adding a cause of action under the Private
8 Attorneys General Act of 2004 pursuant to California Labor Code Section 2698, et seq. (“PAGA”).

9 6. On February 20, 2025, Plaintiffs Tyler Krug & Francisco Balbuena filed a Second
10 Amended Class and Representative Action Complaint which added Plaintiff Fernando Jaramillo.
11 (“Operative Complaint”) The Operative Complaint alleges ten (10) causes of action for violations of
12 the California Labor Code for failure to pay minimum wages, failure to pay overtime wages, failure
13 to provide compliant meal periods and premium payments in lieu thereof, failure to provide compliant
14 rest periods and premiums payments in lieu thereof, failure to timely pay wages during employment,
15 failure to provide compliant wage statements, failure to maintain complete and accurate payroll
16 records, failure to timely pay wages upon termination, and failure to reimburse necessary business
17 expenses, for violations of California Business & Professions Code Section 17200, et seq. based on
18 the aforementioned California Labor Code violations, and for civil penalties under the Private
19 Attorneys General Act of 2004 pursuant to California Labor Code Section 2698 et seq. (“PAGA”)
20 based on the aforementioned California Labor Code violations.

21 7. On or around February 20, 2025, Plaintiff Fernando Jaramillo dismissed the Jaramillo
22 Action without prejudice.

23 8. Defendant denies all material allegations set forth in the Actions and has asserted
24 numerous affirmative defenses. Notwithstanding, in the interest of avoiding further litigation,
25 Defendant desires to fully and finally settle the Actions, Released Class Claims (as defined herein),
26 and Released PAGA Claims (as defined herein).

27 9. Class Counsel diligently investigated the class and PAGA claims against Defendant,
28 including any and all applicable defenses and the applicable law. The investigation included, *inter*

1 *alia*, the exchange of information, data, and documents, and review of corporate policies and practices.
2 The Parties have engaged in sufficient informal discovery and investigation to assess the relative
3 merits of the claims and contentions of the Parties.

4 10. On October 15, 2024, the Parties participated in mediation with Tripper Ortman (the
5 “Mediator”), a respected mediator of complex wage and hour actions, and with the assistance of the
6 Mediator’s evaluations, the Parties reached the settlement that is memorialized herein. The Parties’
7 settlement discussions were conducted at arms’ length, and the Settlement is the result of an informed
8 and detailed analysis of Defendant’s potential liability and exposure in relation to the costs and risks
9 associated with continued litigation. Based on Class Counsel’s investigation and evaluation, Class
10 Counsel believes that the settlement with Defendant for the consideration and on the terms set forth in
11 this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class
12 Members, State of California, and PAGA Employees in light of all known facts and circumstances,
13 including the risk of significant delay and uncertainty associated with litigation and various defenses
14 asserted by Defendant.

15 11. The Parties expressly acknowledge that this Settlement Agreement is entered into
16 solely for the purpose of compromising significantly disputed claims and that nothing herein is an
17 admission of liability or wrongdoing by Defendant. If for any reason this Settlement Agreement is
18 not approved, it will be of no force or effect, and the Parties shall be returned to their original respective
19 positions.

20 **DEFINITIONS**

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

23 a. “Attorneys’ Fees and Costs” means attorneys’ fees approved by the Court for
24 Class Counsel’s litigation and resolution of the Actions and all actual costs and expenses incurred and
25 to be incurred by Class Counsel in connection with the Actions, as set forth in Paragraph 15.

26 b. “Class” or “Class Member(s)” means all current and former hourly-paid or non-
27 exempt employees who worked for Defendant within the State of California at any time during the
28 Class Period.

1 c. "Class Counsel" means Jonathan M. Genish, Karen I. Gold, Marissa A.
2 Mayhood of Blackstone Law, APC, Mehrdad Bokhour of Bokhour Law Group, P.C., and Joshua
3 Falakassa of Falakassa Law. P.C. who will seek to be appointed counsel for the Class.

4 d. "Class List" means a complete list of all Class Members that Defendant will
5 diligently and in good faith compile from its records and provide to the Settlement Administrator. The
6 Class List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following
7 information for each Class Member: (1) full name; (2) last known mailing address; (3) Social Security
8 number; and (4) dates worked for Defendant during the Class Period.

9 e. "Class Notice" means the Notice of Class Action Settlement, substantially in
10 the form attached hereto as "Exhibit A."

11 f. "Class Period" means the period from November 28, 2019, until the date of the
12 Court's order granting preliminary approval of the Settlement Agreement, subject to paragraph 19.

13 g. "Class Settlement" means the settlement and resolution of all Released Class
14 Claims.

15 h. "Court" means the Superior Court of the State of California for the County of
16 Kern.

17 i. "Defendant's Counsel" means Ian Wieland & David Litman of Sagaser,
18 Watkins & Wieland, P.C.

19 j. "Effective Date" means the date when all of the following events have occurred:
20 (1) the Settlement Agreement has been executed by all Parties, Class Counsel, and Defendant's
21 Counsel; (2) the Court has given preliminary approval to the Settlement; (3) the Class Notice has been
22 mailed to the Class Members, providing them with an opportunity to object to the terms of the Class
23 Settlement or opt out of the Class Settlement; (4) the Court has had a Final Approval Hearing and
24 entered a Final Approval Order and Judgment; (5) sixty-five calendar days have passed since the Court
25 entered a Final Approval Order and Judgment; and (6) in the event there are written objections to the
26 Class Settlement filed prior to the Final Approval Hearing which are not later withdrawn or denied,
27 the later of the following events: five business days after the period for filing any appeal, writ, or other
28 appellate proceeding opposing the Court's Final Approval Order and Judgment has elapsed without

1 any appeal, writ, or other appellate proceeding having been filed, or, if any appeal, writ, or other
2 appellate proceeding opposing the Court's Final Approval Order and Judgment has been filed, five
3 business days after any appeal, writ, or other appellate proceedings opposing the Court's Final
4 Approval Order and Judgment has finally and conclusively dismissed with no right to pursue further
5 remedies or relief.

6 k. "Employer Taxes" means the employer's share of taxes and contributions in
7 connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendant
8 in addition to the Gross Settlement Amount.

9 l. "Enhancement Payment" means the amount to be paid to Plaintiffs, in
10 recognition of their effort and work in prosecuting the Actions on behalf of Class Members and PAGA
11 Employees, and general release of claims, as set forth in Paragraph 16.

12 m. "Final Approval" means the determination by the Court that the Settlement is
13 fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

14 n. "Final Approval Hearing" means the hearing at which the Court will consider
15 and determine whether the Settlement should be granted Final Approval.

16 o. "Final Approval Order and Judgment" means the order granting final approval
17 of the Settlement and entering judgment thereon, in a form and content mutually agreed to by the
18 Parties, and subject to approval by the Court.

19 p. "Gross Settlement Amount" means the amount of one million and five hundred
20 thousand dollars and zero cents (\$1,500,000.00) to be paid by Defendant in full satisfaction of the
21 Actions, Released Class Claims, and Released PAGA Claims, which includes all Attorneys' Fees and
22 Costs, Enhancement Payment, PAGA Amount, Settlement Administration Costs, and Net Settlement
23 Amount to be paid to the Settlement Class Members. Defendant shall pay the Employer Taxes
24 separately and in addition to the Gross Settlement Amount. The Gross Settlement Amount is non-
25 reversionary; no portion of the Gross Settlement Payment will return to Defendant. The Gross
26 Settlement Amount is subject to a potential increase, as provided in Paragraph 19.

27 q. "Individual PAGA Payment" means the *pro rata* share of the PAGA Employee
28 Amount that a PAGA Employee may be eligible to receive under the PAGA Settlement, to be

1 calculated in accordance with Paragraph 21.

2 r. "Individual Settlement Payment" means the net payment of each Settlement
3 Class Member's Individual Settlement Share, after reduction for the employee's share of taxes and
4 withholdings with respect to the wages portion of the Individual Settlement Share, as provided in
5 Paragraph 22.

6 s. "Individual Settlement Share" means the *pro rata* share of the Net Settlement
7 Amount that a Class Member may be eligible to receive under the Class Settlement, to be calculated
8 in accordance with Paragraph 20.

9 t. "LWDA Payment" means the amount of seventy-five thousand and zero cents
10 (\$75,000.00), i.e., 75% of the PAGA Amount, that the Parties have agreed to pay to the LWDA under
11 the PAGA Settlement, as set forth in Paragraph 17.

12 u. "Net Settlement Amount" means the portion of the Gross Settlement Amount
13 that is available for distribution to Settlement Class Members, which is the Gross Settlement Amount
14 less the Court-approved Attorneys' Fees and Costs, Enhancement Payment, PAGA Amount, and
15 Settlement Administration Costs.

16 v. "Notice of Objection" means a Settlement Class Member's written objection to
17 the Class Settlement, which must: (a) contain the case name and number of the Krug Action (*Tyler*
18 *Krug et al. v. EKC Enterprises, Inc.*, Case No. BCV-23-103975); (b) contain the objector's full name,
19 signature, address, telephone number, and the last four (4) digits of the objector's Social Security
20 number; (c) contain a written statement of all grounds for the objection accompanied by any legal
21 support for such objection; (d) contain copies of any papers, briefs, or other documents upon which
22 the objection is based; and (e) be returned by mail to the Settlement Administrator at the specified
23 address, postmarked on or before the Response Deadline.

24 w. "PAGA Amount" means the allocation of one hundred thousand dollars and
25 zero cents (\$100,000.00) from the Gross Settlement Amount for the PAGA Settlement. Seventy-five
26 percent (75%) of the PAGA Amount, or \$75,000.00, will be paid to the LWDA (i.e., the LWDA
27 Payment) and the remaining twenty-five percent (25%), or \$25,000.00, will be distributed to the
28 PAGA Employees (i.e., the PAGA Employee Amount).

1 x. “PAGA Employee(s)” means all current and former hourly-paid or non-exempt
2 employees who worked for Defendant within the State of California at any time during the PAGA
3 Period.

4 y. “PAGA Employee Amount” means the amount of twenty-five thousand dollars
5 and zero cents (\$25,000.00), i.e., 25% of the PAGA Amount, to be distributed to PAGA Employees
6 on a *pro rata* basis based on their PAGA Pay Periods. .

7 z. “PAGA Period” means the period from September 25, 2022, until the date of
8 the Court’s order granting preliminary approval of the Settlement Agreement.

9 aa. “PAGA Settlement” means the settlement and resolution of all Released PAGA
10 Claims.

11 bb. “PAGA Pay Periods” means the number of pay periods each PAGA Employee
12 worked for Defendant as an hourly-paid or non-exempt employee in California during the PAGA
13 Period.

14 cc. “Preliminary Approval” means the date on which the Court enters the
15 Preliminary Approval Order.

16 dd. “Preliminary Approval Order” means the order granting preliminary approval
17 of the Settlement, in a form and content mutually agreed to by the Parties, and subject to approval by
18 the Court.

19 ee. “Released Class Claims” means any and all claims, debts, liabilities, demands,
20 obligations, guarantees, costs, expenses, attorneys’ fees, damages, or causes of action which were
21 alleged or which could have been alleged based on the factual allegations in the Operative Complaint,
22 arising during the Class Period, under any federal, state, or local law, and shall specifically include
23 claims for Defendant’s alleged failure to pay overtime and minimum wages, provide compliant meal
24 and rest periods and associated premium payments, timely pay wages during employment and upon
25 termination, provide complaint wage statements, maintain complete and accurate payroll records, and
26 reimburse necessary business-related expenses in violation of California Labor Code Sections 201,
27 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and
28 Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Order 5-2001, and all claims

1 for attorneys' fees and costs and statutory interest in connection therewith, California Business and
2 Professions Code sections 17200, *et seq.*, and any other claims, including claims for statutory
3 penalties, pertaining to the Class Members.

4 ff. "Released PAGA Claims" means any and all claims arising from any of the
5 factual allegations in the PAGA Letter, arising during the PAGA Period, for civil penalties under the
6 Private Attorneys General Act of 2004, California Labor Code Sections 2698 *et seq.*, including all
7 claims for attorneys' fees and costs related thereto, for Defendant's alleged failure to pay overtime
8 and minimum wages, provide compliant meal and rest periods and associated premium payments,
9 timely pay wages during employment and upon termination, provide complaint wage statements,
10 maintain complete and accurate payroll records, and reimburse necessary business-related expenses
11 in violation of California Labor Code Sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d),
12 1194, 1197, 1197.1, 1198, 2800, and 2802, and Industrial Welfare Commission Wage Orders,
13 including *inter alia*, Wage Order 5-2001.

14 gg. "Released Parties" means Defendant and its current and former employees,
15 officers, directors, owners, attorneys, members, insurers, shareholders, subsidiaries, affiliates,
16 predecessors, successors, and assigns.

17 hh. "Request for Exclusion" means a letter submitted by a Class Member indicating
18 a request to be excluded from the Class Settlement, which must: (a) contain the case name and number
19 of the Krug Action (*Tyler Krug et al. v. EKC Enterprises, Inc.*, Case No. BCV-23-103975); (b) contain
20 the Class Member's full name, signature, address, telephone number, and last four (4) digits of the
21 Class Member's Social Security number; (c) clearly state that the Class Member does not wish to be
22 included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the
23 specified address, postmarked on or before the Response Deadline.

24 ii. "Response Deadline" means the deadline by which Class Members must submit
25 a Request for Exclusion, Notice of Objection, and/or Workweeks Dispute, which shall be the date that
26 is forty-five (45) calendar days from the initial mailing of the Class Notice by the Settlement
27 Administrator to Class Members, unless the 45th day falls on a Sunday or Federal holiday, in which
28 case the Response Deadline will be extended to the next day on which the United States Postal service

1 Class.

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

8 **TERMS OF THE AGREEMENT**

9 NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set
10 forth herein, the Parties agree, subject to the Court's approval, as follows:

11 15. Attorneys' Fees and Costs. Defendant agrees not to oppose or impede any application
12 or motion by Class Counsel for attorneys' fees in the amount up to thirty-five percent (35%) of the
13 Gross Settlement Amount (i.e., \$525,000 if the Gross Settlement Amount is \$1,500,00.00) and
14 reimbursement of actual costs and expenses associated with Class Counsel's litigation and settlement
15 of the Actions, in an amount not to exceed thirty three thousand dollars and zero cents (\$33,000.00),
16 both of which will be paid from the Gross Settlement Amount. These amounts will cover any and all
17 work performed and any and all costs incurred by Class Counsel in connection with the litigation of
18 the Actions, including without limitation all work performed and costs incurred to date, and all work
19 to be performed and all costs to be incurred in connection with obtaining the Court's approval of this
20 Settlement Agreement, including any objections raised and any appeals necessitated by those
21 objections. Class Counsel shall be solely and legally responsible for correctly characterizing this
22 compensation for tax purposes and for paying any taxes on the amounts received. The Settlement
23 Administrator shall issue an IRS Form 1099 to Class Counsel for the Attorneys' Fees and Costs. Any
24 portion of the requested Attorneys' Fees and Costs that is not awarded by the Court to Class Counsel
25 shall be reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

26 16. Enhancement Payment. Defendant agrees not to oppose or impede any application or
27 motion by Plaintiffs for an Enhancement Payment in the amount up to seven thousand and five hundred
28 dollars and zero cents (\$7,500.00) for each of the three Plaintiffs, which amounts to \$22,500

1 collectively. The Enhancement Payment, which will be paid from the Gross Settlement Amount,
2 subject to Court approval, will be in addition to Plaintiffs' Individual Settlement Payment as a
3 Settlement Class Members and Individual PAGA Payment as a PAGA Employees. Plaintiffs shall be
4 solely and legally responsible for correctly characterizing this compensation for tax purposes and for
5 paying any taxes on the amounts received. The Settlement Administrator shall issue an IRS Form
6 1099 to Plaintiffs for the Enhancement Payment. Any portion of the requested Enhancement Payment
7 that is not awarded by the Court to Plaintiffs shall be reallocated to the Net Settlement Amount for the
8 benefit of the Settlement Class Members.

9 17. PAGA Amount. Subject to approval by the Court, the Parties agree that the amount of
10 one hundred thousand dollars and zero cents (\$100,000.00) shall be allocated from the Gross
11 Settlement Amount toward penalties under the Private Attorneys General Act, California Labor Code
12 Section 2698, *et seq.* (i.e., the PAGA Amount), of which seventy-five percent (75%), or \$75,000, will
13 be paid to the LWDA (i.e., the LWDA Payment) and twenty-five percent (25%), or \$25,000, will be
14 distributed to PAGA Employees (i.e., the PAGA Employee Amount) on a *pro rata* basis, based on the
15 total number of PAGA Pay Periods worked by each PAGA Employee during the PAGA Period (i.e.,
16 the Individual PAGA Payments).

17 18. Settlement Administration Costs. The Settlement Administrator will be paid for the
18 reasonable costs of administration of the Settlement and distribution of payments under the Settlement,
19 which is currently not to exceed fourteen thousand dollars and zero cents (\$14,000.00). These costs,
20 which will be paid from the Gross Settlement Amount, subject to Court approval, will include, *inter*
21 *alia*, printing, distributing, and tracking Class Notices and other documents for the Settlement,
22 calculating and distributing payments due under the Settlement, issuing of 1099 and W-2 IRS Forms
23 and all required tax reporting, filings, withholdings, and remittances, providing necessary reports and
24 declarations, and other duties and responsibilities set forth herein to process the Settlement, and as
25 requested by the Parties. To the extent the actual Settlement Administrator's costs are greater than the
26 estimated amount stated herein, such excess amount will be deducted from the Gross Settlement
27 Amount, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded
28 Settlement Administration Costs which are not in fact required to fulfill payment to the Settlement

1 Administrator to undertake the required settlement administration duties shall be reallocated to the Net
2 Settlement Amount for the benefit of the Settlement Class Members.

3 19. Escalator Clause. Defendant has represented that from November 28, 2019, until
4 October 15, 2024 (date of mediation) 612 Class Members worked a total of 47,245 Workweeks. If it
5 is determined by the Settlement Administrator that the total number of Workweeks worked by the
6 Class Members during the Class Period actually exceeds 47,245 by more than 10% (i.e., by more than
7 51,969 Workweeks), then Defendant shall have the exclusive right to either choose to: (1) cut off the
8 end date for the Class Period as of the date on which the number of workweeks reaches 5, or (2)
9 increase the GFV on a proportional basis equal to the percentage increase in number of workweeks
10 worked by the Class Members above the 10% (i.e., if there was an 11% increase in the number
11 workweeks during the Class Period, Defendant would agree to increase the GFV by 1%).

12 20. Individual Settlement Share Calculations. Individual Settlement Shares will be
13 calculated and apportioned from the Net Settlement Amount based on the Class Members' number of
14 Workweeks, as follows:

15 a. After Preliminary Approval, the Settlement Administrator will divide the Net
16 Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweek
17 Value," and multiply each Class Member's individual Workweeks by the Estimated Workweek Value
18 to yield each Class Member's estimated Individual Settlement Share that each Class Member may be
19 entitled to receive under the Class Settlement.

20 b. After Final Approval, the Settlement Administrator will divide the final Net
21 Settlement Amount by the Workweeks of all Settlement Class Members to yield the "Final Workweek
22 Value," and multiply each Settlement Class Member's individual Workweeks by the Final Workweek
23 Value to each Settlement Class Member's final Individual Settlement Share.

24 21. Individual PAGA Payment Calculations. Individual PAGA Payments will be
25 calculated and apportioned from the PAGA Employee Amount based on the PAGA Employees'
26 number of PAGA Pay Periods, as follows: The Settlement Administrator will divide the PAGA
27 Employee Amount, i.e., 25% of the PAGA Amount, by the PAGA Pay Periods of all PAGA
28 Employees to yield the "PAGA Pay Period Value," and multiply each PAGA Employee's individual

1 PAGA Pay Periods by the PAGA Pay Period Value to yield each PAGA Employee's Individual
2 PAGA Payment.

3 22. Tax Treatment of Individual Settlement Shares and Individual PAGA Payments. Each
4 Individual Settlement Share will be allocated as follows: ten percent (10%) wages and ninety percent
5 (90%) penalties, interest, and non-wage damages. The portion allocated to wages will be reported on
6 an IRS Form W-2 and the portions allocated to penalties, interest, and non-wage damages will be
7 reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement
8 Administrator will withhold the employee's share of taxes and withholdings with respect to the wages
9 portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their
10 Individual Settlement Payments (i.e., payment of their Individual Settlement Share net of these taxes
11 and withholdings). The Employer Taxes will be paid separately and in addition to the Gross
12 Settlement Amount. Each Individual PAGA Payment will be allocated as one hundred percent (100%)
13 penalties and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

14 23. Administration of Taxes by the Settlement Administrator. The Settlement
15 Administrator will be responsible for issuing to Plaintiffs, Settlement Class Members, PAGA
16 Employees, and Class Counsel any tax forms (i.e., IRS Forms W-2, IRS Forms 1099, etc.) as may be
17 required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement
18 Administrator will also be responsible for calculating the Employer Taxes and forwarding all payroll
19 taxes and other legally required withholdings to the appropriate government authorities.

20 24. Tax Liability. Plaintiffs, Class Counsel, Defendant, and Defendant's Counsel do not
21 intend anything contained in this Settlement Agreement to constitute advice regarding taxes or
22 taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiffs, Settlement
23 Class Members, and PAGA Employees are not relying on any statement, representation, or calculation
24 by Defendant, the Settlement Administrator, or Class Counsel in this regard. Plaintiffs, Settlement
25 Class Members, and PAGA Employees understand and agree that Plaintiffs, Settlement Class
26 Members, and PAGA Employees will be solely responsible for the payment of any taxes and penalties
27 assessed on the payments described in this Settlement Agreement. Plaintiffs, Settlement Class
28 Members, and PAGA Employees should consult with their tax advisors concerning the tax

1 consequences of any payment they receive under the Settlement.

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

25 26. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the
26 Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually
27 are issued to the payee. It is expressly understood and agreed that payments made under this
28 Settlement shall not in any way entitle Plaintiffs, Settlement Class Members, or any PAGA Employee

1 to additional compensation or benefits under any new or additional compensation or benefits, or any
2 bonus, contest, or other compensation or benefit plan or agreement in place during the Class Period,
3 nor will it entitle Plaintiffs, Settlement Class Members, or any PAGA Employee to any increased
4 retirement, 401K benefits or matching benefits, or deferred compensation benefits (notwithstanding
5 any contrary language or agreement in any benefit or compensation plan document that might have
6 been in effect during the Class Period).

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

8 Upon execution of this Settlement Agreement, Plaintiffs will obtain a hearing date from the Court for
9 Plaintiffs' motion for preliminary approval of the Settlement, which Plaintiffs and Class Counsel will
10 be responsible for drafting, and submit this Settlement Agreement to the Court in support of said
11 motion. Class Counsel will provide Defendant's Counsel a draft of the preliminary approval motion
12 before filing it with the Court. Defendant agrees not to oppose the motion for preliminary approval
13 of the Settlement consistent with this Settlement Agreement. By way of said motion, Plaintiffs will
14 apply for the entry of the Preliminary Approval Order seeking the following:

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

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

28 29. Delivery of Class List. Within twenty-one (21) calendar days of Preliminary Approval,

1 Defendant will provide the Class List to the Settlement Administrator.

2 30. Notice by First-Class U.S. Mail.

3 a. Within seven (7) calendar days after receiving the Class List from Defendant,
4 the Settlement Administrator will perform a search based on the National Change of Address Database
5 or any other similar services available, such as provided by Experian, for information to update and
6 correct for any known or identifiable address changes, and will mail a Class Notice in English (in the
7 form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via First-Class U.S.
8 Mail, using the most current, known mailing addresses identified by the Settlement Administrator.

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

16 c. Compliance with the procedures described herein above shall constitute due and
17 sufficient notice to Class Members of the Settlement and shall satisfy the requirements of due process.
18 Nothing else shall be required of or done by the Parties, Class Counsel, or Defendant's Counsel to
19 provide notice of the Settlement.

20 31. Disputes Regarding Workweeks and/or PAGA Pay Periods. Class Members will have
21 an opportunity to dispute the number of Workweeks and/or PAGA Pay Periods to which they have
22 been credited, as reflected in their respective Class Notices, by submitting a timely and valid
23 Workweeks Dispute to the Settlement Administrator, by mail, postmarked on or before the Response
24 Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to
25 determine whether a Workweeks Dispute has been timely submitted. Absent evidence rebutting the
26 accuracy of Defendant's records and data as they pertain to the number of Workweeks and/or PAGA
27 Pay Periods to be credited to a disputing Class Member, Defendant's records will be presumed to be
28 correct and determinative of the dispute. However, if a Class Member produces information and/or

1 documents to the contrary, the Settlement Administrator will evaluate the materials submitted by the
2 Class Member and the Settlement Administrator will resolve and determine the number of eligible
3 Workweeks and/or PAGA Pay Periods that the disputing Class Member should be credited with under
4 the Settlement. The Settlement Administrator's decision on such disputes will be final and non-
5 appealable.

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

25 33. Objecting to the Class Settlement. To object to the Class Settlement, Settlement Class
26 Members must submit a timely and complete Notice of Objection to the Settlement Administrator, by
27 mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing
28 envelope will be the exclusive means to determine whether a Notice of Objection has been timely

1 submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendant's
2 Counsel the number of Notices of Objection that are submitted (specifying which ones were timely
3 and complete and which were not), and also attach them to a declaration that is to be filed with the
4 Court in advance of the Final Approval Hearing. At no time will any of the Parties or their counsel
5 seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or
6 appeal from the Final Approval Order and Judgment. Settlement Class Members, individually or
7 through counsel, may also present their objection orally at the Final Approval Hearing, regardless of
8 whether they have submitted a Notice of Objection.

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

18 35. Defendant's Right to Rescind. If more than ten percent (10%) of the Class Members
19 submit timely and valid Requests for Exclusion, Defendant may elect to rescind the Settlement
20 Agreement. Defendant must exercise this right of rescission in writing that is provided to Class
21 Counsel within fourteen (14) calendar days of the Settlement Administrator notifying the Parties of
22 the number of Class Members who have submitted timely and valid Requests for Exclusion following
23 the Response Deadline. If Defendant exercises this option, Defendant shall pay any costs of settlement
24 administration owed to the Settlement Administrator incurred up to that date.

25 36. Certification of Completion. Upon completion of administration of the Settlement, the
26 Settlement Administrator will provide a written declaration under oath to certify such completion to
27 the Court and counsel for all Parties.

28 37. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After

1 the Response Deadline, a Final Approval Hearing will be conducted to determine whether Final
2 Approval of the Settlement should be granted, along with the amounts properly payable for: (a)
3 Individual Settlement Shares; (b) Individual PAGA Payments; (c) LWDA Payment; (d) Attorneys'
4 Fees and Costs; (e) Enhancement Payment; and (f) Settlement Administration Costs. The Final
5 Approval Hearing will not be held earlier than thirty (30) calendar days after the Response Deadline.
6 Plaintiffs and Class Counsel will be responsible for drafting the motion seeking Final Approval of the
7 Settlement. Class Counsel will provide Defendant's Counsel a draft of the final approval motion
8 before filing it with the Court. By way of said motion, Plaintiffs will apply for the entry of the Final
9 Approval Order and Judgment, which will provide for, in substantial part, the following:

- 10 a. Approval of the Settlement as fair, reasonable, and adequate, and directing
11 consummation of its terms and provisions;
- 12 b. Certification of the Settlement Class;
- 13 c. Approval of the application for Attorneys' Fees and Costs to Class Counsel;
- 14 d. Approval of the application for Enhancement Payment to Plaintiffs;
- 15 e. Directing Defendant to fund all amounts due under the Settlement Agreement
16 and ordered by the Court; and
- 17 f. Entering judgment in the Krug Action, while maintaining continuing
18 jurisdiction, in conformity with California Rules of Court 3.769 and the Settlement Agreement.

19 38. Funding of the Gross Settlement Amount. No later than thirty (30) calendar days after
20 the Effective Date, Defendant will deposit half of the Gross Settlement Amount (i.e. \$750,000 if the
21 Gross Settlement Amount is \$1,500,000) into a Qualified Settlement Fund ("QSF") within the
22 meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement
23 Administrator. Defendant shall provide all information necessary for the Settlement Administrator to
24 calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance tax
25 ID number, and other information requested by the Settlement Administrator, no later than thirty (30)
26 calendar days after the Effective Date. Defendant will deposit the remaining half of the Gross
27 Settlement Amount, in four (4) equal but separate payments on the following dates so that the QSF
28 will be fully funded no later than November 12, 2026: i) November 11, 2025; ii) March 11, 2026; iii)
July 10, 2026; and iv) November 11, 2026.

1 39. Distribution of the Gross Settlement Amount. Within five (5) business days of the
2 funding of the first half Gross Settlement Amount, the Settlement Administrator will issue half of the
3 Individual Settlement Payments to Settlement Class Members, half of the Individual PAGA Payments
4 to PAGA Employees, half of the LWDA Payment to the LWDA, half of the Enhancement Payment
5 to Plaintiffs, half of the Attorneys' Fees and Costs to Class Counsel, and half of the Settlement
6 Administration Costs to itself.

7 Within five (5) business days of the funding of the last deposit of the Gross Settlement Amount,
8 the Settlement Administrator will issue the remaining half of the Individual Settlement Payments to
9 Settlement Class Members, the remaining half of the Individual PAGA Payments to PAGA
10 Employees, the remaining half of the LWDA Payment to the LWDA, the remaining half of the
11 Enhancement Payment to Plaintiffs, the remaining half of the Attorneys' Fees and Costs to Class
12 Counsel, and the remaining half of Settlement Administration Costs to itself.

13 The Settlement Administrator shall also set aside the Employer Taxes and all employee-side
14 payroll taxes, contributions, and withholding, and timely forward these to the appropriate government
15 authorities.

16 40. Settlement Checks. The Settlement Administrator will be responsible for undertaking
17 appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way
18 of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the
19 PAGA Employees in accordance with this Settlement Agreement. When issuing payments, the
20 Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA
21 Payment into one check if the intended recipient for both payments is one individual. Settlement Class
22 Members and PAGA Employees are not required to submit a claim to be issued an Individual
23 Settlement Payment and/or Individual PAGA Payment. Each Individual Settlement Payment and
24 Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180)
25 calendar days from the date the checks are issued, and thereafter, shall be canceled. Any funds
26 associated with such canceled checks shall be distributed by the Settlement Administrator to the State
27 of California's Unclaimed Property Fund in the name of the Settlement Class Member and/or PAGA
28 Employee. If the Court requires a cy pres, then the Parties shall designate the Central California Food

1 Bank or other agreed-upon charity acceptable to the Court. The Parties agree that this disposition
2 results in no “unpaid residue” under California Civil Procedure Code § 384, as the entire Net
3 Settlement Amount will be paid out to Settlement Class Members, whether or not they cash their
4 settlement checks. Therefore, Defendant will not be required to pay any interest on such amounts.
5 The Settlement Administrator shall undertake amended and/or supplemental tax filings and reporting
6 required under applicable local, state, and federal tax laws that are necessitated due to the cancelation
7 of any Individual Settlement Payment and/or Individual PAGA Payment checks. Settlement Class
8 Members whose Individual Settlement Payment checks are canceled shall, nevertheless, be bound by
9 the Class Settlement, and PAGA Employees whose Individual PAGA Payment checks are canceled
10 shall, nevertheless, be bound by the PAGA Settlement.

11 41. Class Settlement Release. Upon the Effective Date and full funding of the Gross
12 Settlement Amount, Plaintiffs and all Settlement Class Members will be deemed to have fully, finally,
13 and forever released, settled, compromised, relinquished, and discharged the Released Parties of all
14 Released Class Claims.

15 42. PAGA Settlement Release. Upon the Effective Date and full funding of the Gross
16 Settlement Amount, Plaintiffs, the State of California with respect to all PAGA Employees, and all
17 PAGA Employees will be deemed to have fully, finally, and forever released, settled, compromised,
18 relinquished, and discharged the Released Parties of all Released PAGA Claims.

19 43. Plaintiffs’ General Release. Upon the Effective Date and full funding of the Gross
20 Settlement Amount, Plaintiffs, individually and on their own behalf, will be deemed to have fully,
21 finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties
22 from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys’
23 fees, damages, or causes of action of any kind or nature whatsoever, known or unknown, suspected or
24 unsuspected, asserted or unasserted, which Plaintiffs, at any time of execution of this Settlement
25 Agreement, had or claimed to have or may have, including but not limited to any and all claims arising
26 out of, relating to, or resulting from their employment and/or separation of employment with the
27 Released Parties, including any claims arising under any federal, state, or local law, statute, ordinance,
28 rule, or regulation or Executive Order relating to employment, including, but in no way limited to, any

1 claim under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 1981; the Americans
2 with Disabilities Act; the Family and Medical Leave Act; the Employee Retirement Income Security
3 Act; the California Family Rights Act; the California Fair Employment and Housing Act; all claims
4 for wages or penalties under the Fair Labor Standards Act; all claims for wages or penalties under the
5 California Labor Code; Business and Professions Code sections 17200 *et seq.*; all laws relating to
6 violation of public policy, retaliation, or interference with legal rights; any and all other employment
7 or discrimination laws; whistleblower claims; any tort, fraud, or constitutional claims; and any breach
8 of contract claims or claims of promissory estoppel. It is agreed that this is a general release and is to
9 be broadly construed as a release of all claims, provided that, notwithstanding the foregoing, this
10 Paragraph expressly does not include a release of any claims that cannot be released hereunder by law.
11 Plaintiffs understand and expressly agree that this Settlement Agreement extends to claims that they
12 have against Defendant, of whatever nature and kind, known or unknown, suspected or unsuspected,
13 vested or contingent, past, present, or future, arising from or attributable to an incident or event,
14 occurring in whole or in part, on or before the execution of this Settlement Agreement. Any and all
15 rights granted under any state or federal law or regulation limiting the effect of this Settlement
16 Agreement, including the provisions of Section 1542 of the California Civil Code, ARE HEREBY
17 EXPRESSLY WAIVED. Section 1542 of the California Civil Code reads as follows:

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

23 44. Final Approval Order and Judgment. The Parties shall provide the Settlement
24 Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court,
25 and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for
26 sixty (60) calendar days. No individualized notice of the Final Approval Order and Judgment to the
27 Class will be required.

28 45. Continued Jurisdiction. After entry of the judgment pursuant to the Settlement, the

1 Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and
2 Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the
3 interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters,
4 and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this
5 Settlement Agreement.

6 46. Effects of Termination or Rescission of Settlement. Termination or rescission of the
7 Settlement Agreement shall have the following effects:

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

10 b. In the event the Settlement Agreement is terminated, Defendant shall have no
11 obligation to make any payments to any Party, Class Member, or attorney, except that the terminating
12 Party shall pay the Settlement Administrator for services rendered up to the date the Settlement
13 Administrator is notified that the Settlement has been terminated;

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

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

19 e. Neither this Settlement Agreement, nor any ancillary documents, actions,
20 statements, or filings in furtherance of the Settlement (including all matters associated with the
21 mediation) shall be admissible or offered into evidence in the Actions or any other action for any
22 purpose whatsoever; and

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

26 47. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
27 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
28 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause

1 of action or right herein released and discharged.

2 48. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set
3 forth in any attached exhibits, which are incorporated by this reference as though fully set forth herein.
4 Any exhibits to this Settlement Agreement are an integral part of the Settlement.

5 49. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the
6 entirety of the Parties' agreement relating to the settlement and transaction completed thereby, and all
7 prior or contemporaneous agreements, understandings, representations, and statements, whether oral
8 or written and whether by a Party or such Party's legal counsel, are merged herein. No other prior or
9 contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties
10 expressly recognize California Civil Code § 1625 and California Code of Civil Procedure § 1856(a),
11 which provide that a written agreement is to be construed according to its terms and may not be varied
12 or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic oral or written
13 representations or terms will modify, vary, or contradict the terms of this Settlement Agreement.

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

18 51. Amendment or Modification. Prior to the filing of the motion for preliminary approval
19 of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement
20 except by written agreement signed by counsel for all Parties. After the filing of the motion for
21 preliminary approval of the Settlement, the Parties may not amend or modify any provision of this
22 Settlement Agreement except by written agreement signed by counsel for all the Parties and subject
23 to Court approval. A waiver or amendment of any provision of this Settlement Agreement will not
24 constitute a waiver of any other provision.

25 52. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
26 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
27 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
28 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have
full authority to enter into this Settlement Agreement, and further intend that this Settlement

1 Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible
2 and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation
3 confidentiality provisions that otherwise might apply under state or federal law.

4 53. Signatories. It is agreed that because the members of the Class are so numerous, it is
5 impossible or impractical to have each Settlement Class Member or PAGA Employee execute this
6 Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the
7 Class Settlement as to the Settlement Class Members and the binding nature of the PAGA Settlement
8 as to the PAGA Employees, and the releases provided for by this Settlement Agreement shall have
9 the same force and effect as if this Settlement Agreement were executed by each Settlement Class
10 Member and PAGA Employee.

11 54. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
12 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

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

15 56. Execution and Counterparts. This Settlement Agreement is subject only to the
16 execution of all Parties. However, this Settlement Agreement may be executed in one or more
17 counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned
18 copies of the signature page, will be deemed to be one and the same instrument.

19 57. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
20 Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived
21 at this Settlement after arm's length negotiations and in the context of adversarial litigation, taking
22 into account all relevant factors, present and potential. The Parties further acknowledge that they are
23 each represented by competent counsel and that they have had an opportunity to consult with their
24 counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if
25 necessary to obtain approval of the Settlement, the Mediator may execute a declaration supporting the
26 Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the
27 Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

28 58. Invalidity of Any Provision. Before declaring any provision of this Settlement
Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent

1 possible consistent with applicable precedents so as to define all provisions of this Settlement
2 Agreement valid and enforceable.

3 59. Plaintiffs' Cooperation. Plaintiffs agree to sign this Settlement Agreement and, by
4 signing this Settlement Agreement, is hereby bound by the terms herein and agrees to fully cooperate
5 to implement the Settlement.

6 60. Non-Admission of Liability. The Parties enter into this Settlement Agreement to
7 resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of
8 continued litigation. In entering into this Settlement Agreement, Defendant does not admit, and
9 specifically denies, it has violated any federal, state, or local law; violated any regulations or guidelines
10 promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements;
11 breached any contract; violated or breached any duty; engaged in any misrepresentation or deception;
12 or engaged in any other unlawful conduct with respect to its employees. Neither this Settlement
13 Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be
14 construed as an admission or concession by Defendant of any such violations or failures to comply
15 with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement
16 Agreement, this Settlement Agreement and its terms and provisions shall not be offered or received
17 as evidence in any action or proceeding to establish any liability or admission on the part of Defendant
18 or to establish the existence of any condition constituting a violation of, or a non-compliance with,
19 federal, state, local or other applicable law.

20 61. Captions. The captions and paragraph numbers in this Settlement Agreement are
21 inserted for the reader's convenience, and in no way define, limit, construe, or describe the scope or
22 intent of the provisions of this Settlement Agreement.

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

Sagaser, Watkins & Wieland, P.C.
5260 N. Palm Ave., Suite 400
Fresno, California 93301
Tel: (559) 421-7000

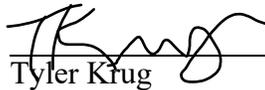
66. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of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

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

IT IS SO AGREED.

PLAINTIFF TYLER KRUG

Dated: 02/27/2025


Tyler Krug

PLAINTIFF FRANCISCO BALBUENA

Dated: 02/27/2025


Francisco Balbuena

PLAINTIFF FERNANDO JARAMILLO

Dated: 2/26/2025

DocuSigned by:

4DB08E43FE35453
Fernando Jaramillo

DEFENDANT EKC ENTERPRISES, INC.

Dated: _____

Full Name: _____

Title: _____

On behalf of Defendant, EKC Enterprises, Inc.

1 **Sagaser, Watkins & Wieland, P.C.**
2 5260 N. Palm Ave., Suite 400
3 Fresno, California 93301
4 Tel: (559) 421-7000

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

12 **IN WITNESS WHEREOF**, the Parties hereto knowingly and voluntarily executed this Joint
13 Stipulation of Class Action and PAGA Settlement between Plaintiffs and Defendant:

14 **IT IS SO AGREED.**

15 **PLAINTIFF TYLER KRUG**

16 Dated: _____

17 Tyler Krug

18 **PLAINTIFF FRANCISCO BALBUENA**

19 Dated: _____

20 Francisco Balbuena

21 **PLAINTIFF FERNANDO JARAMILLO**

22 Dated: _____

23 Fernando Jaramillo

24 **DEFENDANT EKC ENTERPRISES, INC.**

25 Dated: 3-3-25 _____

26 

27 Full Name: Chris Shafer _____

28 Title: CEO _____

On behalf of Defendant, EKC Enterprises, Inc.

1 **APPROVED AS TO FORM ONLY:**

2

BLACKSTONE LAW, APC

3



4

Dated: 2/27/25

Karen I. Gold

5

Attorneys for Plaintiffs Tyler Krug & Francisco Balbuena and Proposed Class Counsel

6

7

BOKHOUR LAW GROUP, P.C.

8

Signed by:

D8D3643F271940F...

9

Dated: 2/25/2025

Mehrdad Bokhour

10

Attorneys for Plaintiffs Fernando Jaramillo and Proposed Class Counsel

11

12

13

FALAKASSA LAW, P.C.

14

DocuSigned by:

15A628B2C5A149C

15

Dated: 2/21/2025

Joshua Falakassa

16

Attorneys for Plaintiffs Fernando Jaramillo and Proposed Class Counsel

17

18

SAGASER, WATKINS, & WIELAND, P.C.

19

20

Dated: _____

David Litman

21

Attorneys for Defendant EKC Enterprises, Inc.

22

23

24

25

26

27

28

1 **APPROVED AS TO FORM ONLY:**

2

BLACKSTONE LAW, APC

3

4 Dated: _____

Karen I. Gold

5

Attorneys for Plaintiffs Tyler Krug & Francisco Balbuena and Proposed Class Counsel

6

7

BOKHOUR LAW GROUP, P.C.

8

9 Dated: _____

Mehrdad Bokhour

10

Attorneys for Plaintiffs Fernando Jaramillo and Proposed Class Counsel

11

12

13

FALAKASSA LAW, P.C.

14

15 Dated: _____

Joshua Falakassa

16

Attorneys for Plaintiffs Fernando Jaramillo and Proposed Class Counsel

17

18

SAGASER, WATKINS, & WIELAND, P.C.

19

20 Dated: 3-3-2025

David Litman
David Litman

21

Attorneys for Defendant EKC Enterprises, Inc.

22

23

24

25

26

27

28

EXHIBIT A

NOTICE OF CLASS ACTION SETTLEMENT

Tyler Krug et al. v. EKC Entreprises, Inc., Kern Superior Court, Case No. BCV-23-103975 & *Fernando Jaramillo v. EKC Entreprises, Inc. et al.*, Fresno Superior Court, Case No. 23CECG04736

PLEASE READ THIS CLASS NOTICE CAREFULLY.

You have received this Class Notice because Defendant's records indicate that you may be eligible to take part in the class action settlement reached in the above-referenced case(s).

You do not need to take any action to receive a settlement payment.

This Class Notice is designed to advise you of your rights and options with respect to the settlement, and how you can request to be excluded from the Class Settlement, object to the Class Settlement, and/or dispute the number of Workweeks and/or PAGA Pay Periods that you are credited with, if you so choose.

YOU ARE NOTIFIED THAT: A class and representative action settlement has been reached between Plaintiff Tyler Krug, Plaintiff Francisco Balbuena, Fernando Jaramillo ("Plaintiffs") and Defendant EKC Enterprises, Inc. ("Defendant") (Plaintiffs and Defendant are collectively referred to as the "Parties") in the cases titled *Tyler Krug et al. v. EKC Entreprises, Inc.*, Kern County Superior Court, Case No. BCV-23-103975 & *Fernando Jaramillo v. EKC Entreprises, Inc. et al.*, Fresno Superior Court, Case No. 23CECG04736 ("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] ("Final Approval Hearing") to determine whether or not the Court should grant final approval of the settlement.

I. IMPORTANT DEFINITIONS

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

"Class Period" means the period from November 28, 2019, until the date of the Court's order granting preliminary approval of the Settlement Agreement, subject to paragraph 19 of the Settlement Agreement.

"Class Settlement" means the settlement and resolution of all Released Class Claims.

"PAGA Employees" means all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the PAGA Period.

"PAGA Period" means the period from September 25, 2022, until the date of the Court's order granting preliminary approval of the Settlement Agreement.

"PAGA Settlement" means the settlement and resolution of all Released PAGA Claims.

II. BACKGROUND OF THE ACTIONS

On September 25, 2023, and November 15, 2023, Plaintiff Fernando Jaramillo and Plaintiffs Tyler Krug and Francisco Balbuena, respectively, provided written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the California Labor Code that Plaintiffs contend were violated ("PAGA Letters"). On November 14, 2023, Plaintiff Fernando Jaramillo commenced a putative class action lawsuit by filing a Class Action Complaint in the Fresno County Superior Court, Case No. 23CECG04736 ("Jaramillo Action"). On November 28, 2023, Plaintiffs Tyler Krug and Francisco Balbuena commenced a putative class action lawsuit by filing a Class Action Complaint for Damages in the Kern County Superior Court, Case No. BCV-23-103975 ("Krug Action" collectively with "Jaramillo Action" are referred to collectively hereinafter as "Actions"). On January 18, 2024, Plaintiffs Tyler Krug and Francisco Balbuena filed a First Amended Class And Representative Action Complaint, adding a cause of action under the Private Attorneys General Act of 2004 pursuant to California Labor Code Section 2698, *et seq.* ("PAGA"). On February 20, 2025, Plaintiffs filed a Second Amended Class and Representative Action Complaint, adding Plaintiff Fernando Jaramillo.

Plaintiffs contend that Defendant failed to properly pay minimum and overtime wages, provide compliant meal and rest breaks and associated premiums, timely pay wages upon termination of employment and associated waiting-time penalties, provide accurate wage statements, and reimburse business expenses, and thereby engaged in unfair business practices in violation of the California Business and Professions Code section 17200, *et seq.*, and conduct that gives rise to penalties under PAGA. Plaintiffs seek, among other things, recovery of unpaid wages and meal and rest period premiums, unreimbursed business expenses, restitution, penalties, interest, and attorneys' fees and costs.

Defendant denies all of the allegations in the Actions or that it violated any law.

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 appointed APEX Class Action, LLC as the administrator of the Settlement ("Settlement Administrator"), Plaintiffs Tyler Krug, Francisco Balbuena, and Fernando Jaramillo as representatives of the Class ("Class Representatives"), and the following Plaintiffs' attorneys as counsel for the Class ("Class Counsel"):

Jonathan M. Genish
Karen I. Gold
Marissa A. Mayhood
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8383 Wilshire Boulevard, Suite 745
Beverly Hills, California 90211
Tel: (310) 622-4278 / Fax: (855) 786-6356

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Falakassa Law, P.C.
1901 Avenue of the Stars, Suite 450
Los Angeles, California 90067
Tel: (818) 456-6168

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 Pay Periods credited to you, if you so choose, as explained more fully in Sections III and IV below. If you are a PAGA 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 PAGA 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 Defendant that the claims in the Actions have merit or that Defendant has any liability to Plaintiffs, Class Members, or PAGA Employees. Plaintiffs and Defendant, 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 PAGA Employees.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula

The total gross settlement amount is one million and five hundred thousand dollars and zero cents (\$1,500,000.00) (the “Gross Settlement Amount”). The portion of the Gross Settlement Amount that is available for payment to Class Members is referred to as the “Net Settlement Amount.” The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) attorneys’ fees, in an amount not to thirty-five percent (35%) of the Gross Settlement Amount (i.e., \$525,000 if the Gross Settlement Amount is \$1,500,00.00), and reimbursement of litigation costs and expenses, in an amount not to exceed thirty three thousand dollars and zero cents (\$33,000.00) to Class Counsel; (2) Enhancement Payment in an amount not to exceed seven thousand and five hundred dollars and zero cents (\$7,500.00) for each of the three Plaintiffs, which amounts to \$22,500 collectively for their services in the Actions; (3) the amount of one hundred thousand dollars and zero cents (\$100,000.00) allocated toward civil penalties under the Private Attorneys General Act (“PAGA Amount”), of which the LWDA will be paid 75% (\$75,000) (“LWDA Payment”) and the remaining 25% (\$25,000) will be distributed to PAGA Employees (“PAGA Employee Amount”); and (4) Settlement Administration Costs in an amount not to exceed fourteen thousand dollars and zero cents (\$14,000.00) to the 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”) calculated according to the number of Workweeks worked 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.

Each Individual Settlement Share will be allocated as twenty percent (20%) as wages, which will be reported on an IRS Form W-2, and eighty percent (80%) as penalties, interest, and non-wage damages, 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 Defendant separately and in addition to the Gross Settlement Amount.

PAGA 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 calculated according to the number of Pay Periods worked during the PAGA Period (“PAGA Pay Periods”). The Settlement Administrator had divided the PAGA Employee Amount, i.e., 25% of the PAGA Amount, by the PAGA Pay Periods of all PAGA Employees to yield the “PAGA Pay Period Value,” and multiplied each PAGA Employee’s individual PAGA Pay Periods by the PAGA Pay Period Value to yield each PAGA Employee’s Individual PAGA Payment.

Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, will not be subject to taxes or 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 PAGA 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 Pay Periods (if applicable) Based on Defendant’s Records

According to Defendant’s 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 Pay Periods.

If you wish to dispute the Workweeks and/or PAGA Pay Periods 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 Krug Action (*Tyler Krug et al. v. EKC Enterprises, Inc.*, Case No. BCV-23-103975); (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 Pay Periods credited to you and what you contend is the correct number; and (d) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B below, postmarked on or before **[Response Deadline]**.

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 Pay Periods (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 Settlement Amount, Plaintiffs 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 Released Class Claims.

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

“Released Class Claims” means any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys’ fees, damages, or causes of action which were alleged or which could have been alleged based on the factual allegations in the Operative Complaint, arising during the Class Period, under any federal, state, or local law, and shall specifically include claims for Defendant’s alleged failure to pay overtime and minimum wages, provide compliant meal and rest periods and associated premium payments, timely pay wages upon termination, provide accurate wage statements, and reimburse necessary business-related expenses in violation of California Labor Code Sections 201, 202, 203, 226(a), 226.7, 510, 512(a), 1194, 1197, 1197.1, 1198, 2800, and 2802, and Industrial Welfare Commission Wage Orders, and all claims for attorneys’ fees and costs and statutory interest in connection therewith, California Business and Professions Code sections 17200, *et seq.*, and any other claims, including claims for statutory penalties, pertaining to the Class Members.

“Released PAGA Claims” means any and all claims arising from any of the factual allegations in the PAGA Letters, arising during the PAGA Period, for civil penalties under the Private Attorneys General Act of 2004, California Labor Code Sections 2698 *et seq.*, including all claims for attorneys’ fees and costs related thereto, for Defendant’s alleged failure to pay overtime and minimum wages, provide compliant meal and rest periods and associated premium payments, timely pay wages during employment and upon termination, provide complaint wage statements, maintain complete and accurate payroll records, and reimburse necessary business-related expenses in violation of California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and Industrial Welfare Commission

Wage Orders, including *inter alia*, Wage Order 16-2001.

“Released Parties” means Defendant and its current and former employees, officers, directors, owners, attorneys, members, insurers, shareholders, subsidiaries, affiliates, predecessors, successors, and assigns.

E. Attorneys’ Fees and Costs to Class Counsel

Class Counsel will seek attorneys’ fees in an amount not to exceed thirty-five percent (35%) of the Gross Settlement Amount (i.e., \$525,000 if the Gross Settlement Amount is \$1,500,00.00) and reimbursement of litigation costs and expenses in an amount not to exceed thirty three thousand dollars and zero cents (\$33,000.00) (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 Settlement Amount. Class Counsel has been prosecuting the Actions on behalf of Plaintiffs, Class Members, and PAGA 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 Plaintiffs

Plaintiffs will seek the amount of seven thousand and five hundred dollars and zero cents (\$7,500.00) (“Enhancement Payment”), in recognition of their services in connection with the Actions. The Enhancement Payment will be paid from the Gross Settlement Amount, subject to approval by the Court, and if awarded, it will be paid to Plaintiffs 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 fourteen thousand dollars and zero cents (\$14,000.00) (“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 Settlement Amount, subject to approval by the Court.

H. Distribution of the Gross Settlement Amount

Within five (5) business days of the funding of the first half Gross Settlement Amount, the Settlement Administrator will issue half of the Individual Settlement Payments to Settlement Class Members, half of the Individual PAGA Payments to PAGA Employees, half of the LWDA Payment to the LWDA, half of the Enhancement Payment to Plaintiffs, half of the Attorneys’ Fees and Costs to Class Counsel, and half of the Settlement Administration Costs to itself.

Within five (5) business days of the funding of the last deposit of the Gross Settlement Amount (November 11, 2026), the Settlement Administrator will issue the remaining half of the Individual Settlement Payments to Settlement Class Members, the remaining half of the Individual PAGA Payments to PAGA Employees, the remaining half of the LWDA Payment to the LWDA, the remaining half of the Enhancement Payment to Plaintiffs, the remaining half of the Attorneys’ Fees and Costs to Class Counsel, and the remaining half of Settlement Administration Costs to itself.

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 Released Class Claims against the Released Parties as described in Section III.D above.

If you are a PAGA 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 Released PAGA Claims against the Released Parties as described in Section III.D above.

As a Class Member and PAGA 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 Krug Action (*Tyler Krug et al. v. EKC Enterprises, Inc.*, Case No. BCV-23-103975); (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 Released Class 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. PAGA Employees will be bound to the PAGA Settlement (and the release of Released PAGA 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 Krug Action (*Tyler Krug et al. v. EKC Enterprises, Inc.*, Case No. BCV-23-103975); (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 and present your objection orally, regardless of whether you have submitted a Notice of Objection.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Division H of the Kern County Superior Court, located at 1215 Truxtun Avenue, Bakersfield, California, 93301, 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 Plaintiffs, and Settlement Administration Costs to the Settlement Administrator.

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

At the following website you can find a link to listen in on the Final Approval Hearing and a Zoom link to participate in the courtroom process: <https://www.kern.courts.ca.gov/online-services/remote-court-hearings>.

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 Krug Action on APEX Class Action, LLC's website at [REDACTED]. You can also telephone Class Counsel or the Settlement Administrator using the contact information listed herein. You can also review court documents by registering an account and logging in at <https://odyprodportal.kern.courts.ca.gov/portalprod>, selecting smart search, and searching the case number BCV-23-103975.

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.