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7	Attorneys for Plaintiff Salvador Ochoa, individually, and on behalf of all other similar	·ly situated	
8	current and former employees of Defendants		
9			
10	SUPERIOR COURT OF T	THE STATE OF CALIFORNIA	
11	FOR THE COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE		
12			
13	SALVADOR OCHOA, individually, and on behalf of all other similarly situated current	Case No.: BC623041 Consolidated Case No. BC686601	
14	and former employees of Defendants,		
15	Plaintiff,	Assigned for all purposes to the Honorable Amy D. Hogue, Dept. 7	
16	V.	FIRST AMENDED STIPULATION AND SETTLEMENT OF CLASS ACTION AND	
17 18	CKE RESTAURANTS HOLDINGS, INC., a Delaware Corporation; CARL'S JR.	PAGA CLAIMS	
19	RESTAURANTS, LLC, a Delaware Corporation; CARL'S JR. FUNDING, LLC,	Complaint Filed: 6-8-2016	
20	a Delaware Corporation; and DOES 1 through 50, inclusive,	Trial Date: None	
21	Defendants.		
22	And Consolidated Case.		
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FIRST AMENDED STIPULATION AND SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS

This binding First Amended Stipulation and Settlement of Class Action and PAGA Claims is made by and between Salvador Ochoa and Hermelinda Aguilar, individually and on behalf of the State of California and all employees similarly situated (hereafter collectively referred to as "Named Plaintiffs"), and CKE Restaurants Holdings, Inc. ("CKE"), Carl Karcher Restaurants LLC, and Carl's Jr. Funding, LLC (hereafter collectively referred to as "CKE Entities"), on the other hand (all collectively referred to as "the Parties"). In exchange for the promises detailed below, Named Plaintiffs and CKE Entities have agreed to settle the consolidated class action matter *Salvador Ochoa and Hermelinda Aguilar v. CKE Restaurants Holdings, Inc., Carl's Jr. Restaurants LLC, Carl's Jr. Funding LLC, and Does 1 through 50*, Case Nos. BC623041 & BC686601, Superior Court of the State of California, County of Los Angeles.

#### I. **DEFINITIONS**

As used herein, the following terms are defined as:

- 1. "Administration Costs" means the portion of the Gross Settlement Amount authorized by the Court to be paid to the Settlement Administrator. "Administration Costs" includes all actual and direct costs reasonably incurred by the Settlement Administrator in administering the Settlement. The Settlement Administrator will charge no more than one hundred ten thousand dollars (\$110,000.00) in Administration Costs for its services.
- 2. "Agreement," "Settlement," or "Stipulation" mean this First Amended Stipulation and Settlement of Class Action and PAGA Claims.
- 3. "Attorney Cost Award" means the portion of the Gross Settlement Amount authorized by the Court to be paid to Class Counsel for costs expended in prosecuting the Lawsuit.
- 4. "Attorney Fee Award" means the portion of the Gross Settlement Amount authorized by the Court to be paid to Class Counsel for the services rendered in prosecuting the Lawsuit.
  - 5. "CKE Counsel" means Luanne Sacks of Sacks Law Office, Robert Bader of

Ricketts Case, LLP, and Tyler Woods of Fisher & Phillips LLP.

- 6. "Class" means all hourly paid non-exempt persons (regardless of job title or role) employed by CKE Entities at a Carl's Jr. corporate owned restaurant location in California at any time beginning June 8, 2012 through and including July 17, 2021. The Class excludes those persons who have previously entered into a settlement with, and previously released, CKE Entities with regard to the Released Claims.
  - 7. "Class Claims" means all Released Claims, except for the PAGA Claims.
- 8. "Class Counsel" and "Plaintiffs' Counsel" mean and refer to Rastegar Law Group, A.P.C and Farzad Rastegar and Douglas W. Perlman, of Rastegar Law Group, A.P.C.; and Mahoney Law Group, A.P.C., and Kevin Mahoney and Katherine Odenbreit of Mahoney Law Group, A.P.C.
- 9. "Class Member" means each member of the Class and their agents, assigns, beneficiaries, heirs, guardians, and legal representatives.
- 10. "Class Member List" means a list including the names of all Class Members along with:
  - a. The number of workweeks during which each Class Member recorded time worked for any CKE Entity during the Class Period, excluding any workweeks worked by any member of the settlement class and subclasses in the cases captioned *Cubias v. Carl Karcher Enterprises, Inc.* (Judicial Council Coordination Proceeding 4537 pending in the Santa Barbara Superior Court); and *Duarte v. Carl Karcher Enterprises, Inc.* / Patel, et al., v. Carl Karcher Enterprises, Inc. (Judicial Coordination Proceeding 4949 pending in the Los Angeles Superior Court) during the Class Period.;
  - b. The last-known address, all phone number(s) and all email addresses that the relevant CKE Entities have for each Class Member; and
  - c. The Social Security number associated with each Class Member.
- 11. "Class Period" means the time beginning June 8, 2012 through and including the date Preliminary Approval of the Settlement is granted or July 17, 2021,

whichever is first.

- 12. "Complaint" means the operative consolidated complaint filed by the Named Plaintiffs in the Lawsuit.
- 13. "Court" means the Superior Court of the State of California for the County of Los Angeles to which the Lawsuit is currently assigned.
- 14. "Effective Date" means the following: If there are no objections to the Settlement at the time that the Court grants Final Approval, or if any objections are made and then withdrawn by the time that the Court grants Final Approval, the Effective Date will be the date on which the Court enters Judgment and Final Approval of the Settlement. If there are any objections which are made and not withdrawn by the time the Court grants Final Approval, the Effective Date will be the date upon which the time to appeal the Judgment has expired and no appeal has been filed; or, in the event of an appeal, the date on which the Judgment of the Court is affirmed and all further appeal opportunities have expired or been exhausted.
- 15. "Employer Taxes" means CKE's share of corporate federal, state, and/or local payroll taxes that is owed on the portion of any Settlement Class Member's Individual Settlement Payment that is attributed to claims for unpaid wages. "Employer Taxes" will be paid separately from and in addition to the Gross Settlement Amount.
- 16. "Final Approval Hearing" means the hearing at which the Court considers whether to approve the Settlement and to enter the Final Approval Order.
- 17. "Final Approval Order" or "Final Approval" means the Court's Order granting Final Approval of the Settlement. As set forth herein, when filing the motion for Final Approval ("Final Approval Motion"), Plaintiffs shall submit to the Court a proposed order substantially in the form of **Exhibit 4** hereto.
- 18. "Gross Settlement Amount" means the total amount that CKE Entities will be required to pay by this Settlement as set forth in paragraph 49 herein.
- 19. "Incentive Award" means the portion of the Gross Settlement Amount authorized by the Court to be paid to the Named Plaintiffs, in recognition of their efforts

in assisting with the prosecution of the Lawsuit on behalf of the Class Members and in return for executing a General Release of all Claims against Released Parties in the form of **Exhibit 1** hereto concurrently with the Final Approval Motion.

- 20. "Individual Settlement Payment" means the amount to be paid to an individual Settlement Class Member from the Net Distribution Amount as set forth in this Agreement.
- 21. "Judgment" means the final judgment approving the Settlement consistent with California Rule of Court 3.769(h).
- 22. "Lawsuit" means the consolidated case captioned Salvador Ochoa and Hermelinda Aguilar v. CKE Restaurants Holdings, Inc., Carl's Jr. Restaurants LLC, Carl's Jr. Funding LLC, and Does 1 through 50, Case Nos. BC623041 & BC686601, Superior Court of the State of California, County of Los Angeles.
- 23. "LWDA Payment" means seventy-five (75%) of the PAGA Payment to be paid by the Settlement Administrator to the California Labor and Workforce Development Agency ("LWDA") from the Gross Settlement Amount fifteen (15) calendar days after CKE Entities fund the Gross Settlement Amount consistent with the terms of this Agreement.
- 24. "Net Distribution Amount" means the Gross Settlement Amount, as set forth in paragraph 49 herein, less 1) the PAGA Payment; 2) any Attorney Fee Award; 3) any Attorney Cost Award; 4) any Incentive Awards; and 5) Administration Costs.
- 25. "Notice" or "Notice Packet" means the "Notice of Class Action Settlement" to be distributed to Class Members pursuant to the terms of this Agreement.
- 26. "PAGA Claims" means Named Plaintiffs' representative claims seeking penalties, attorneys' fees and costs pursuant to Labor Code Private Attorneys General Act of 2004, Labor Code section 2698, et seq. ("PAGA") as set forth in Plaintiff Ochoa's notice to the LWDA dated February 24, 2016 and in Plaintiff Aguilar's notice to the LWDA dated October 4, 2017 and incorporated by reference into the Complaint, including for alleged violations of Labor Code sections 201-203, 226, 226.7, 510, 512

- 1174, 1174.5, 1194, 1197, and 2802 alleged to have occurred during the PAGA Period.
- 27. "PAGA Individual Payment" means the amount to be paid to PAGA Settlement Group Member from the PAGA Payment as set forth in this Agreement.
- 28. "PAGA Payment" means the portion of the Gross Settlement Amount allocated to settle the PAGA Claims.
- 29. "PAGA Period" means the time period between June 8, 2015 through and including July 17, 2021.
- 30. "PAGA Settlement Group Members" means all Class Members who worked for CKE Entities during the PAGA Period. There are an estimated 14,800 PAGA Settlement Group Members.
- 31. "Preliminary Approval Date" means the date that the Court enters the Preliminary Approval Order.
- 32. "Preliminary Approval Hearing" means the hearing on Plaintiffs' Preliminary Approval motion ("Preliminary Approval Motion").
- 33. "Preliminary Approval Order" or "Preliminary Approval" means the Order issued by the Court preliminarily approving the terms of the Settlement set forth in this Agreement. As set forth herein, when filing the Preliminary Approval Motion, Named Plaintiffs shall submit to the Court a proposed order substantially in the form of **Exhibit 3** hereto.
- 34. "Released Claims" is defined as follows: all claims, injuries, demands, losses, damages, liquidated damages, punitive damages, exemplary damages, statutory damages, costs, expenses, restitution, compensation, equitable relief, wages, interest, penalties, suits, causes of action, attorneys' fees, obligations, rights, and liabilities of any nature, type, or description, whether known or unknown, contingent or vested, in law or in equity, in tort, contract, or for violation of any state or federal constitution, statute, rule, or regulation, based on direct or vicarious liability, and regardless of legal theory, that relate to, are based on, concern, or arise out of any of the allegations that were asserted or could have been asserted based on the facts alleged in the Lawsuit individually and on a class-

wide basis against the Released Parties. The Released Claims include all causes of action that were delineated in the Lawsuit as well as all causes of action arising out of or that could have been pled based on the facts pleaded in the Lawsuit but which were not specifically delineated as a cause of action in the Lawsuit. The Released Claims include claims covered by: the California Labor Code, and in particular § 200 et seq., including §§ 201 through 204, 210, 212, 218, 218.5, 218.6, 223, 226, 226.7, and 227.3, §§ 245-250, § 300 et seq., § 400 et seq., including §452, § 500 et seq., including §§ 510 and 512, §§ 1174 and 1174.5, §§ 1194, 1194.1, 1197, 1198, and 1198.5, § 2802, and § 2810.3; the California Unfair Practices Act, codified at California Business & Professions Code §§ 17000 et seq.; California Business & Professions Code §§ 17200 et seq.; California Code of Civil Procedure § 1021.5; and any other applicable provision of the California Labor Code or any applicable California Industrial Welfare Commission Wage Orders, in all of their iterations to the fullest extent permitted by law.

- 35. "Released Parties" means CKE Entities and each of their respective current, former, and future parent companies, subsidiaries, divisions, and current and former affiliated individuals and entities, legal successors, predecessors (including companies they have acquired, purchased, or absorbed), assigns, joint ventures, and each and all of their respective officers, partners, directors, owners, stockholders, servants, agents, shareholders, members, managers, principals, investment advisors, consultants, employees, representatives, attorneys, accountants, lenders, underwriters, benefits administrators, investors, funds, and insurers, past, present and future, and all persons acting under, by, through, or in concert with any of them (collectively, the "Released Parties"). However, "Released Parties" does not include any Carl's Jr. franchisee regarding claims arising during such franchisee's ownership of said franchise.

  Additionally, this release will not apply to any claim arising as a result of employment with a Hardee's, either corporate owned or franchise.
- 36. "Response Deadline" means the date no later than sixty (60) calendar days after the date the Notice Packets are mailed to Class Members by the Settlement

Administrator, on or before which a Class Member may: (1) validly submit a notice of objection to the Settlement; (2) validly submit a request for exclusion from the Class Claims; or (3) challenge with documentary evidence his or her Individual Settlement Amount.

- 37. "Settlement Administrator" means Phoenix Class Action Administration Solutions, the independent third party chosen jointly by the Parties to administer the Settlement notification and payment process. The Parties, Class Counsel, and CKE Counsel each represent they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.
- 38. "Settlement Class" means Class Members excepting persons who properly exclude themselves from the Settlement pursuant to the terms of this Agreement and the Preliminary Approval Order.
  - 39. "Settlement Class Member" means each member of the Settlement Class.
- 40. "Settlement Fund" means and refers to the Qualified Settlement Fund to be established by the Settlement Administrator pursuant to Section 468B(g) of the Internal Revenue Code and regulations promulgated thereunder into which CKE Entities will deposit the Gross Settlement Amount.

#### II. RECITALS

- 41. This Stipulation is made by the Named Plaintiffs on behalf of themselves and each of the other Class Members and the State of California on the one hand, and CKE Entities on the other hand, and is subject to the approval of the Court.
- 42. Named Plaintiffs warrant and represent that, except for the interest of Class Counsel with regard to attorney fees and costs, they are the sole and lawful owner of all rights, title, and interest in and to all of their individual Released Claims and that they have not heretofore voluntarily, by operation of law or otherwise, sold, assigned, or transferred or purported to sell, assign, or transfer to any other person or entity any of their Released Claims or any part or portion thereof.

- 43. The Parties stipulate that, for purposes of certification of a settlement class only, Named Plaintiffs are typical of other Class Members and can represent the Class.
- 44. The Parties stipulate that, for purposes of certification of a settlement class only, common issues predominate in this matter such that certification of a settlement class is appropriate.
- 45. The Parties will stipulate to the certification of class claims in the Lawsuit for settlement purposes only. Nothing in this Agreement shall be taken as an admission by CKE Entities that a class could appropriately be certified for any other purpose. If the Settlement does not become effective or is cancelled or terminated for any reason, then the Parties' agreement to class certification shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in connection with, the issue of whether certification would be appropriate in a non-settlement context.
- 46. The Parties have conducted significant investigation of the facts and law during the prosecution of the Lawsuit. Discovery and investigation included: the propounding of written discovery by both sides; the production of documents by both sides; the depositions of Named Plaintiffs' and CKE Entities' witnesses; numerous depositions of putative class members; numerous conferences between representatives of the Parties; and three (3) mediation sessions with neutral third-party mediators.
- 47. Named Plaintiffs have entered into this Agreement based on a careful evaluation of the extensive data, documents and discovery exchanged by the Parties as well as independent investigation of the facts and research of the law relevant to this matter. Named Plaintiffs continue to contend that the claims in the Lawsuit have merit, but believe that this compromise of disputed claims is in the best interest interests of the Class based on a careful analysis of the potential risks and benefits of continued litigation. Nothing in this Agreement shall constitute an admission of the accuracy of any allegation made by Named Plaintiffs or Class Counsel, or an admission of any liability, fault, or wrongdoing by CKE Entities or any Released Party. This Agreement and the Settlement may not be used by Named Plaintiffs or Class Counsel for any purpose other than to

obtain approval and enforce the terms of the Settlement and any order thereon. CKE Entities deny all of the claims, contentions, and each and every allegation made by Named Plaintiffs in the Lawsuit, and expressly deny any liability.

#### III. SETTLEMENT AMOUNT AND ALLOCATION

# A. Gross Settlement Amount

- 48. The Parties agree to settle all claims included in the Lawsuit for a Gross Settlement Amount of nine million eight hundred seventy-two thousand dollars (\$9,872,000.00) (the "Gross Settlement Amount"). The Gross Settlement Amount is based on the assumption that there are approximately 31,822 class members who worked approximately one million four hundred eighty-six thousand seventy-nine (1,486,079) workweeks. The Gross Settlement Amount will not be increased if it is determined that there are more than 31,822 Class Members unless the total Settlement Class is ultimately determined to include 33,143 or more individuals, or the number of workweeks worked by Class members exceed one million five hundred sixty thousand three hundred twenty-eight (1,560,328). In that event, the Gross Settlement Amount will increase by the percentage increase in Class size above thirty-one thousand eight hundred twenty-two (31,822), or by the percentage increase in workweeks above one million four hundred eighty-six seventy-nine (1,486,079), whichever is greater.
- 49. In no event shall the Gross Settlement Amount be more than nine million eight hundred seventy-two thousand dollars (\$9,872,000.00) other than as provided in Paragraphs 48 and 50, if applicable.
- 50. Other than the Employer Taxes (as defined in this Agreement), the Gross Settlement Amount represents the total amount that CKE Entities will be required to pay under this Agreement. All payments, other than the Employer Taxes, required by this Agreement shall be paid out of the Gross Settlement Amount.
- 51. The entire Gross Settlement Amount shall be paid out and there will be no reversion to any of CKE Entities.

# B. Calculation of Individual Settlement Payments and PAGA Individual Payments

52. Each Class Member who has not submitted a valid request to be excluded from the Class will receive an Individual Settlement Payment from the Net Distribution Amount. There is no requirement to file or submit a claim form to receive an Individual Settlement Payment. To determine the amount each Settlement Class Member will receive, the Net Distribution Amount will be divided by the total number of workweeks ("Individual Settlement Workweek Amount") for all Settlement Class Members during the Class Period, excluding any workweeks worked by any member of the settlement class and subclasses in the cases captioned Cubias v. Carl Karcher Enterprises, Inc. (Judicial Council Coordination Proceeding 4537 pending in the Santa Barbara Superior Court); and Duarte v. Carl Karcher Enterprises, Inc. / Patel, et al., v. Carl Karcher Enterprises, Inc. (Judicial Coordination Proceeding 4949 pending in the Los Angeles Superior Court) during the Class Period. Each Settlement Class Member will be paid a benefit amount equal to the Individual Settlement Workweek Amount multiplied by that Settlement Class Member's total number of workweeks actually worked during the Class Period and excluding periods of employment when no work was performed, such as absences due to vacation, illness, leaves of absence or jury duty.

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53. Each PAGA Settlement Group Member will receive a PAGA Individual Payment. To determine the amount of the PAGA Individual Payment each PAGA Settlement Group Member will receive, 25% of the PAGA Payment will be divided by the total number of workweeks ("PAGA Settlement Workweek Amount") for all PAGA Settlement Group Members during the PAGA Period, excluding any workweeks worked by any member of the PAGA Settlement Group Member in the cases captioned Cubias v. Carl Karcher Enterprises, Inc. (Judicial Council Coordination Proceeding 4537 pending in the Santa Barbara Superior Court); and *Duarte v. Carl Karcher Enterprises, Inc.* / Patel, et al., v. Carl Karcher Enterprises, Inc. (Judicial Coordination Proceeding 4949) pending in the Los Angeles Superior Court) during the PAGA Period. Each PAGA Settlement Group Member will be paid a benefit amount equal to the PAGA Settlement

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Workweek Amount multiplied by that PAGA Settlement Group Member's total number of workweeks actually worked during the PAGA Period and excluding periods of employment when no work was performed, such as absences due to vacation, illness, leaves of absence or jury duty.

- 54. The Settlement Administrator shall mail all Individual Settlement Payments to Settlement Class Members and PAGA Individual Payments to PAGA Settlement Group Members no later than forty-five (45) calendar days after CKE Entities fund the Settlement Fund.
- 55. Individual Settlement Payments and PAGA Individual Payments will go stale one hundred eighty (180) calendar days after issuance. Any funds remaining after Individual Settlement Payments and PAGA Individual Payments go stale will be used as a reserve fund to make payments, and/or cover any additional necessary administration expenses, resulting from any errors or disputes in the payments process ("Reserve Fund Payments"). Within fourteen (14) calendar days following the expiration of uncashed checks representing Individual Settlement Payments and PAGA Individual Payments, the Settlement Administrator shall prepare a report ("Report") to be filed with the Court stating the total sum of uncashed Individual Settlement Payment and PAGA Individual Payment checks (less any Reserve Fund Payments) (the "Residual"). The Parties shall file the Report with the Court within three (3) business days of receipt from the Settlement Administrator. Consistent with California Code of Civil Procedure § 384, the Parties shall prepare an Amended Judgment, directing that the Residual, together with interest thereon, be divided evenly between, and paid to, the Legal Aid Foundation of Los Angeles and Restaurants Care (California Restaurant Foundation). The Parties and their counsel represent they do not have any interest in or connection to either of the charities designated in this paragraph. The Parties shall lodge the Amended Judgment with the Court within fourteen (14) calendar days of receipt of the foregoing Report from the Settlement Administrator. The Settlement Administrator shall pay the Residual to the two foregoing charities within seven (7) calendar days of entry of the Amended Judgment.

# C. Tax Allocation of Individual Settlement Payments

- 56. The Individual Settlement Payment for each Settlement Class Member shall be allocated as follows: (a) Eighty percent (80%) as alleged non-wage payments (including claims for unreimbursed expenses, and penalties) and interest, on which there will be no tax withholding; and (b) twenty percent (20%) as alleged unpaid wage payments and subject to normal tax withholding.
- 57. All Individual Settlement Payments to Settlement Class Members will be reported to the appropriate taxing authorities by the Settlement Administrator. The Settlement Administrator shall report the portion allocated to wages ("Wage Component") on an IRS Form W-2, and shall report the portions allocated to unreimbursed expenses, interest and penalties (the "Non-Wage Component") on an IRS Form-1099 if the payment exceeds the statutory minimum. Separately from and in addition to the Gross Settlement Amount, CKE Entities shall be responsible for paying Employer Taxes on the Wage Component of the Individual Settlement Payments. With the sole exception of Employer Taxes, all taxes will be paid from the Gross Settlement Amount. The Settlement Administrator shall pay all taxes withheld from Settlement Class Members' Individual Settlement Payments to the appropriate taxing authority out of the Gross Settlement Amount.

# D. PAGA Payment

- 58. One hundred thousand dollars (\$100,000) of the Gross Settlement Amount (the PAGA Payment) will be designated as payment in settlement of the PAGA Claims. Of this amount, 75% (\$75,000) will be paid to the LWDA (the LWDA Payment) no later than forty-five (45) calendar days after the Effective Date. The remaining 25% (\$25,000) will be paid to the PAGA Settlement Group Members.
- 59. PAGA Individual Payments for each PAGA Settlement Group Member will not be subject to tax withholdings and will be reported by the Settlement Administrator on an IRS Form 1099-MISC.
  - 60. The PAGA Payment reflects value negotiated between the Parties, each of

whom made an independent assessment as to the likely outcome of the PAGA Claims. The Parties agree that the Court may adjust the allocation of the PAGA Payment and such adjustment shall be binding on the Parties and not constitute grounds for cancellation of this Settlement or the individual general releases. If the Court approves a PAGA Payment of less than one hundred thousand dollars (\$100,000.00), the remainder will be retained in the Net Distribution Amount.

61. Notwithstanding the foregoing, no modification of the amount of the PAGA Payment or LWDA Payment by the Court shall constitute grounds for cancellation of this Settlement or the individual general releases.

#### E. Incentive Awards and Named Plaintiffs' General Release

- 62. Named Plaintiffs will apply for, and CKE Entities will not oppose or object to, the following Incentive Awards: ten thousand dollars (\$10,000.00) to each Named Plaintiff who executes a broad general release in the form of **Exhibit 1** attached hereto, which will be effective upon payment of the Incentive Award.
- 63. The total amount of any Incentive Awards awarded by the Court to Named Plaintiffs shall be paid from the Gross Settlement Amount. The Parties agree to be bound by any Incentive Awards to Named Plaintiffs approved by the Court at the time of Final Approval. The amount of any Incentive Awards approved by the Court to Named Plaintiffs shall be paid from the Gross Settlement Amount, and CKE shall have no further obligation to pay any amount to Named Plaintiffs apart from their proportional payments from the Net Distribution Amount. The Settlement Administrator will not distribute any Incentive Awards to Named Plaintiffs before Individual Settlement Payments are mailed to the Settlement Class.
- 64. Named Plaintiffs agree that any Incentive Awards they may receive shall not be considered wages and the Settlement Administrator shall issue each Named Plaintiff a Form 1099 reflecting any such payment. Named Plaintiffs agree that they alone are responsible for the tax consequences, including any penalties or interest, relating to the payment of any Incentive Awards.

- 65. Notwithstanding the foregoing, neither the denial of, an appeal of, a modification of, nor a reversal on appeal of any Incentive Award shall constitute grounds for cancellation of this Settlement, or the individual general releases.
- 66. If the Court awards less than the requested Incentive Awards to Named Plaintiffs, the remainder will be added back into the Gross Settlement Amount for distribution to Settlement Class Members.

# F. Attorneys' Fees and Costs

- 67. Class Counsel will apply to the Court for an Order approving the payment of an Attorney Fee Award to Class Counsel, which amount may not collectively exceed three million four hundred fifty-five thousand two hundred dollars (\$3,455,200.00), which is 35% of the Gross Settlement Amount. CKE Entities agree not to object to any request for Attorneys' Fees by Plaintiffs' Counsel that does not exceed 35% of the Gross Settlement Amount.
- 68. Class Counsel will apply to the Court for an Order approving the payment of an Attorney Cost Award of up to one hundred fifty thousand dollars (\$150,000.00) in costs ("Attorneys' Costs") incurred by Class Counsel throughout the course of the Lawsuit.
- 69. The total amount of any Attorney Fee Award awarded by the Court to Class Counsel shall be paid from the Gross Settlement Amount, and CKE Entities shall have no obligation to pay Class Counsel any additional amount for Attorneys' Fees. Named Plaintiffs and Class Counsel agree to be bound by any Attorney Fee Award issued by the Court at the time of Final Approval. The Settlement Administrator will not distribute any Attorney Fee Award to Class Counsel before Individual Settlement Payments are mailed to the Settlement Class.
- 70. The total amount of any Attorney Cost Award awarded by the Court to Class Counsel shall be paid from the Gross Settlement Amount, and CKE Entities shall have no obligation to pay Class Counsel any additional amount for Attorneys' Costs. Plaintiffs' Counsel agree to be bound by any Attorney Cost Award issued by the Court at

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of Class Members from the Class Member List, handling all mailings to the Class Members, tracing undeliverable mailings, recording and tracking responses to the mailing to the Class Members, responding to inquiries made by Class Members, calculating Individual Settlement Payments and PAGA Individual Payments, resolving any issues that may arise concerning whether an individual is a Class Member and/or the number of workweeks worked by each Class Member, issuance and mailing of Individual Settlement Payments and PAGA Individual Payments and all appropriate tax documentation as described in this Agreement, reporting payment of the Individual Settlement Payments to all required taxing and other authorities, taking appropriate tax withholding from the Individual Settlement Payments as described in this Agreement, and other related tasks as mutually agreed to by the Parties. It is also understood that the Settlement Administrator will establish the Settlement Fund for the purpose of administering this Settlement. The Parties agree to ask that the Court authorize payment to the Settlement Administrator from the Gross Settlement Amount for the reasonable costs, fees, expenses and liabilities incurred by the Settlement Administrator in providing the services described by this Agreement in an amount not to exceed one hundred ten thousand dollars (\$110,000). CKE Entities shall have no obligation to pay any amount for Administration Costs beyond the payment of the Gross Settlement Amount.

77. If a Class Member requests that the Settlement Administrator and/or its agent or employee refer him/her to Class Counsel, or if a Class Member requests advice beyond merely ministerial information regarding applicable deadlines or procedures for an objection, or for requesting exclusion from the Settlement or other Settlement-related forms or documents for which the Settlement Administrator does not have an approved response, then the Settlement Administrator and/or its agent or employee shall promptly refer the inquiry to Class Counsel.

#### **B.** Class Member List

78. Within forty-five (45) calendar days after Preliminary Approval, CKE Entities shall use commercially reasonable efforts to provide the Settlement Administrator

with the Class Member List. This information shall be provided to Plaintiffs or Class Counsel with personal identifiable information redacted.

# C. Notice to Class, Website, and Telephone Access

- 79. Within thirty (30) calendar days after receiving the Class Member List, the Settlement Administrator will provide to each Class Member, via First Class U.S. Mail, Notice of the Settlement. The Notice will be mailed in English and in Spanish. Plaintiffs shall submit to the Court for approval a Notice and envelope enclosing the Notice in the form attached hereto as **Exhibit 2**. Each Notice shall include a unique ID number for the Class Member to whom it is sent and provide an estimated Individual Settlement Payment amount for that Class Member. The Notice shall also explain that PAGA Settlement Group Members cannot exclude themselves from the PAGA Claims portion of the Settlement. Notwithstanding the submission of a request for exclusion by a PAGA Settlement Group Members, the PAGA Settlement Group Member will still be bound by the settlement and release of the PAGA Claims. Notwithstanding the foregoing, the Parties agree that the Court may modify the Notice and such modification will not constitute grounds for cancellation of this Settlement or the individual general releases.
- 80. The Settlement Administrator shall perform a single skip trace using information identifying the Class Member, as necessary, to conduct an address update on any Notices returned to the Settlement Administrator as undeliverable. The Settlement Administrator shall re-mail all Notices to new addresses (if applicable) within three (3) business days of obtaining such new addresses.
- 81. The Settlement Administrator shall also maintain a toll-free telephone line that shall be staffed by live operators during business hours and provide automated Interactive Voice Response with the ability for Class Members to leave messages during non-business hours. The Settlement Administrator shall maintain the toll-free telephone line for sixty (60) calendar days after the Individual Settlement Payments are distributed to the Class Members.

- 82. Within thirty (30) calendar days after receiving the Class Member List, the Settlement Administrator shall establish and make public an internet website (the "Settlement Website"), with a domain name approved by Named Plaintiffs and CKE Entities. The Settlement Website will be in a form approved by the Parties. The Settlement Administrator shall publish on the Settlement Website the Complaint, this Agreement, the Preliminary Approval Motion, the Order Granting Preliminary Approval, the Notice to Class Members, and instructions for Class Members to submit objections or exclusion requests.
- 83. The Settlement Administrator shall maintain, and not take down, the Settlement Website until two hundred (200) calendar days after the Effective Date, at which time the Settlement Administrator will deactivate the Settlement Website so that it can no longer be accessed.

# **D.** Objections and Opt-Outs

- 84. Any Class Member who wishes to object to any term of the Settlement must submit a written objection to the Settlement Administrator via mail, facsimile, or email. In order to be valid, the objection must be postmarked (if by mail) or sent (if by facsimile or email) by the Response Deadline. The written objection must include the Class Member's ID number as indicated on the Notice and state the grounds for the objection. In lieu of a written objection, Class Members may also appear at the Final Approval Hearing to make an objection. Class Members who do not submit a written objection substantially in the manner required by this paragraph and by the Response Deadline or make an objection at the Final Approval Hearing shall be deemed to have waived any objections to the Settlement. Any Class Member whose Notice is re-mailed will have until the Response Deadline or an additional fifteen (15) calendar days, whichever is later to submit a written objection or opt-out request.
- 85. Any Class Member who wishes to exclude himself or herself from the Settlement must submit a written request for exclusion from the Class Claims to the Settlement Administrator via mail, facsimile, email, or email through the Settlement

Website. In order to be valid, the request for exclusion must be postmarked (if by mail) or sent (if by facsimile or email) no later than the Response Deadline. A Class Member's request for exclusion must 1) set forth the Class Member's name, address and last four digits of their Social Security number, 2) include the Class Member's ID number as indicated on the Notice, 3) provide a clear and unequivocal statement that the Class Member wishes to be excluded from the Settlement Class and 4) be signed by the Class Member him or herself. Requests for exclusion signed by purported counsel, agents or representatives of Class Members are invalid. If a question is raised about the authenticity of a request for exclusion, the Settlement Administrator will have the right to require additional proof of the Class Member's identity. A Class Member who does not complete and submit a valid and timely request for exclusion as specified in this paragraph by the Response Deadline will be bound by all terms and conditions of the Settlement as approved by the Court. PAGA Settlement Group Members will still be bound by the settlement and release of the PAGA Claims, even if they submit a request for exclusion.

- 86. Any Class Members who wish to contest the number of workweeks recorded must submit a written dispute (contained in the Class Member's Settlement Allocation form) together with any supporting documentation to the Settlement Administrator via mail, facsimile, email, or email through the Settlement Website. In order to be valid, the dispute must be postmarked (if by mail) or sent (if by facsimile or email) by the Response Deadline. The form must state the number of workweeks that the Class Member believes he or she is entitled to receive. The Settlement Administrator shall inform counsel for the Parties of each dispute received. The Settlement Administrator will consider input from both Parties and their counsel as well as the contents of the dispute and any documentation received and make a decision as to whether the Class Member's payment should be modified by increasing or decreasing the number of credits awarded to the Class Member. The decision of the Settlement Administrator will be final and binding upon all Parties and the Class Member.
  - 87. At no time shall any of the Parties or their counsel or agents seek to solicit

or otherwise take any action to encourage Class Members or any other persons to submit written objections to or requests for exclusion from the Class Claims; nor shall any of the Parties or their counsel take any action to encourage Class Members or any other persons to appeal from any order(s) or judgment approving this Settlement.

- 88. The Named Plaintiffs will not object to the Settlement or request exclusion from the Class Claims; nor will they take any action to encourage other Class Members to do so.
- 89. The Settlement Administrator shall provide a weekly status report to Class Counsel and CKE Counsel reflecting the number of returned and undelivered Notices and the number of skip-traced and re-mailed Notices, and any objections, requests for exclusion or disputes received.
- 90. No later than seventy-five (75) calendar days after the initial mailing of the Notice to Class Members, the Settlement Administrator will provide to the Parties a declaration attaching all objections, requests for exclusion, and challenges to estimated Individual Settlement Payments and reporting on the results of the Notice mailing.
- 91. If two percent (2%) or more of the total number of the Class Members to whom a Class Notice is sent, or if Class Members to whom a Class Notice is sent who represent more than three percent (3%) of workweeks attributable to Class Members request to exclude themselves from the settlement, CKE Entities will have the option, at their sole discretion, of canceling the settlement in its entirety; provided, however, that CKE Entities must notify Class Counsel and the Court in writing that they are exercising such option within fourteen (14) calendar days after being notified by the Settlement Administrator of the number of Settlement Class Members who have timely requested exclusion, and CKE Entities will pay all costs and fees incurred by the Settlement Administrator. Named Plaintiffs agree that they will not seek to exclude themselves from, opt-out of, or object to the settlement.

#### VI. RELEASE OF CLAIMS

92. As of the date of the mailing of Individual Settlement Payments, except with

respect to the obligations arising out of the Settlement Agreement and in consideration of the payments and terms set forth herein, Named Plaintiffs and the Settlement Class expressly, to the fullest extent permitted by law, fully and forever compromise, release, resolve, relinquish, and discharge the Released Parties, individually and on a class-wide basis, the Released Claims as defined in Paragraph 34.

93. As of the date of the mailing of PAGA Individual Payments, except with respect to the obligations arising out of the Settlement, all PAGA Claims of Named Plaintiffs and the PAGA Settlement Group Members against the Released Parties are fully and forever compromised, released, resolved, relinquished, and discharged through the PAGA Period. For the avoidance of doubt, as of the date of mailing of PAGA Individual Payments, the PAGA Settlement Group Members are bound by the settlement of the PAGA Claims, regardless of whether they exclude themselves from the Class.

### VII. PAYMENT OF SETTLEMENT FUNDS

- 94. CKE Entities will transfer to the Settlement Administrator the Gross Settlement Amount and the amount of Employer Taxes via wire transfer within thirty (30) calendar days of the Effective Date.
- Amount, the Settlement Administrator will (a) pay to Settlement Class Members the Individual Settlement Amounts by check (which shall state the void date); (b) pay to the LWDA the LWDA Payment; (c) pay any Incentive Awards approved by the Court to the Named Plaintiffs who have executed general releases as provided in paragraphs 63-67 to this Agreement; (d) pay to Class Counsel any Attorney Fee Award and Attorney Cost Award approved by the Court; and (e) pay to the Settlement Administrator its reasonable fees and expenses as approved by the Court. Named Plaintiffs shall submit to the Court for approval an envelope enclosing the Individual Settlement Amount checks in the form attached hereto as **Exhibit 5**. Incentive Awards will be paid by check to Named Plaintiffs to be delivered via overnight mail to the office of Class Counsel. Attorney Fee Award and Attorney Cost Award will be paid to Class Counsel via wire transfer.

- 96. The Parties understand that Named Plaintiffs and the Class Members who receive any payment pursuant to this Agreement shall be solely responsible for any and all other individual tax obligations and consequences associated with this Settlement.
- 97. No person shall have any claim against any of CKE Entities, CKE Counsel, Named Plaintiffs, Class Counsel, the Settlement Class, the PAGA Settlement Group Members, or the Settlement Administrator based on the mailings, distributions, Individual Settlement Payment, or PAGA Individual Payment made in accordance with this Agreement or any order of the Court.
- 98. If a Settlement check for an Individual Settlement Amount or PAGA Individual Payment is returned by the postal service, the Settlement Administrator shall use appropriate methods, including but not limited to, skip-trace and telephone follow-up, to obtain the current address of the Settlement Class Member or PAGA Settlement Group Member. The Settlement Administrator will re-mail all returned checks within five (5) calendar days.
- 99. Settlement checks for Individual Settlement Payments or PAGA Individual Payments that are returned a second time and Settlement checks not cashed within one hundred eighty (180) calendar days of issuance will be automatically canceled and not be re-issued.
- Date, the Settlement Administrator must provide a written summary report accounting for all dispositions of funds from the Gross Settlement Amount. Within (90) calendar days following the tax filing deadline in the year following the funding of the Settlement or such other date as the Court may order, the Settlement Administrator shall destroy all Class Members' personal identifying information received from CKE Entities and otherwise in connection with the implementation and administration of this Settlement.

#### VIII. FINAL APPROVAL

101. After the Response Deadline, with the Court's permission, a Final Approval Hearing shall be conducted to determine final approval of the Settlement along with the

amount properly payable for (i) the Attorney Fee Award, (ii) the Attorney Cost Award, (ii) any Incentive Awards, (iii) Administration Costs, and (iv) the PAGA Payment and LWDA Payment. The Final Approval Hearing shall not be held earlier than thirty (30) calendar days after the Response Deadline. Plaintiffs' Counsel will prepare the Final Approval Motion, and shall request that the Court enter an order substantially in the form of **Exhibit 4** hereto. Plaintiffs will make the Final Approval Motion and supporting declarations available to CKE at least five (5) business days prior to the filing of the Final Approval Motion and will work with CKE in good faith to make the Final Approval Motion a Proposed Final Approval Order and a Judgment.

- 102. The Proposed Final Approval Order shall include a date for a final accounting hearing at which the Court will review a final report on all payments made from the Settlement Fund and authorize distribution of any remaining funds to the Legal Aid Foundation of Los Angeles and Restaurants Care (California Restaurant Foundation).
- 103. After entry of the Final Approval Order and Judgment, the Court shall have continuing jurisdiction to enforce the terms of this Agreement, the Final Approval Order, and the Judgment.
- 104. Named Plaintiffs shall submit a copy of the Judgment and Final Approval order(s) to the LWDA to comply with Cal. Lab. Code § 2699(1)(3-4).

#### IX. TERMINATION OF AGREEMENT

105. If the Court does not grant Preliminary Approval or Final Approval of the Settlement and all efforts at reconsideration or reversal of that denial of approval are exhausted, or if the Agreement is cancelled or terminated consistent with the terms of this Agreement, the Settlement will be void *ab initio*. If the Settlement is not approved and all efforts at reconsideration or reversal of that denial of approval are exhausted, or if the Agreement is cancelled or terminated consistent with the terms herein, the Agreement and the Settlement will not be admissible in evidence or usable for any purposes whatsoever in the Lawsuit or any proceedings between the Parties to this Agreement.

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# X. GENERAL PROVISIONS

Preliminary Approval Motion is filed with the Court. Named Plaintiffs and CKE Entities agree that this provision shall not prevent the disclosure of such information prior to the filing of the Preliminary Approval Motion to (1) regulators, rating agencies, independent accountants, advisors, financial analysts, agents, existing or potential insurers or reinsurers, experts, courts, co-counsel, the Released Parties and any existing or potential investor of or any existing or potential lender to any of the Released Parties, the Settlement Administrator or any potential Settlement Administrator and/or as otherwise required to comply with any applicable law or regulation; (2) any person or entity to whom Named Plaintiffs and CKE Entities agree in writing disclosure must be made to effectuate the Settlement, and/or (3) by CKE Entities or any of the Released Parties as necessary for any reasonable commercial purpose. Nothing in this Agreement or the Settlement will prevent Class Counsel from communicating with Named Plaintiffs or Class Members regarding the Settlement or the status of the Lawsuit.

107. The Parties agree that the discussions and information exchanged in the course of negotiating this Settlement and Agreement are confidential and were made available on the condition that they not be disclosed to third parties, that they not be the subject of public comment, and that they not be publicly disclosed or used by Plaintiffs or Class Counsel in any way in the Lawsuit should it not ultimately settle or in any other proceeding.

- 108. Within thirty (30) calendar days after CKE funds the Gross Settlement Amount or the expiration of any deadlines for appeals of final approval of the Settlement, whichever is later, the Parties agree to return or destroy (and certify such destruction in writing) all confidential information exchanged for settlement and/or mediation purposes.
- 109. Named Plaintiffs agree that they will not disparage CKE Entities or any of the Released Parties in any manner potentially harmful to them or their business, business reputation, or personal reputation. This includes, but is not limited to, publishing

disparaging statements (whether anonymously or for ascription) on the web, in blogs, in chat rooms, in emails, social media, or in any other electronic means of transmitting information.

- 110. The Parties agree and will instruct their respective counsel not to contact the press, issue any press releases, give any interviews, identify the Lawsuit on any website or in any marketing or promotional materials, or comment upon this settlement, including the Agreement, to any person other than as specifically provided in this Agreement. This section does not in any way prevent Plaintiffs' Counsel from carrying out their duties as class counsel.
- 111. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest. Nonmaterial amendments or modifications to this Agreement may be made in writing between Class Counsel and CKE Counsel without the need to seek the Court's approval. In the event that any provision of this Agreement is rejected by the Court or a material modification of the Settlement is ordered on appeal, the Parties will work in good faith to negotiate alteration of the rejected term or otherwise conform the Agreement to the order. The Parties agree to use the services of a mediator if informal efforts to negotiate alteration have been exhausted. However, if no such agreement can be reached within thirty (30) calendar days after the matter has been submitted to a mediator, absent a written agreement among the Parties to continue discussions, then Named Plaintiffs or CKE Entities may terminate and withdraw from this Agreement consistent with the terms of this Agreement.
- 112. This Agreement constitutes the entire agreement among these Parties with respect to the matters discussed herein and supersedes all prior or contemporaneous oral or written understandings, negotiations, agreements, statements, or promises. In executing this Agreement, the Parties acknowledge that they have not relied upon any oral or written understandings, negotiations, agreements, statements, or promises that are not set forth in this Agreement other than documents and data produced in litigation and for mediation. The Parties also acknowledge and agree that each has been represented by its own counsel

with respect to the negotiation and drafting of this Settlement and this Agreement.

- 113. The Parties and their counsel will cooperate with each other and use reasonable efforts to effect the implementation of the Settlement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of a mediator or the Court to resolve such disagreement.
- 114. Each person signing this Agreement on behalf of each of CKE Entities represents and warrants that he or she authorized to sign this Agreement on behalf of each such entity.
- 115. Any failure by any Party to insist upon the strict performance by any other Party of any provisions of this Agreement shall not be deemed a waiver of any provision of this Agreement and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.
- 116. All terms of this Agreement and the exhibits hereto shall be governed by and interpreted according to the laws of the State of California.
- 117. Neither Class Counsel nor CKE Counsel intend anything contained herein to constitute legal advice regarding the tax consequences of any amount paid hereunder, nor shall it be relied upon as such.
- 118. The headings and captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision thereof.
- 119. The terms of this Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective heirs, legal representatives, executors, administrators, successors, and assigns.
- 120. This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument

1	provided that counsel for the Parties to this Agreement shall exchange among themselves		
2	original signed counterparts.		
3	121. Each of the Parties has cooperated in the drafting and preparation of this		
4	Agreement. Hence, in any construction made to this Agreement, the same shall not be		
5	construed against any of the Parties.		
6			
7			
8	CKE RESTAURANTS HOLDINGS, INC.; CARL'S JR. RESTAURANTS, LLC; AND CARL'S JR. FUNDING, LLC	PLAINTIFF HERMELINDA AGUILAR	
9	AND CARL'S JR. FUNDING, LLC		
10			
11		Hermelinda Aguilar	
12		PLAINTIFF SALVADOR OCHOA	
13	-116	TEAINTIT SALVADOR OCTION	
14	By:	Salvador Ochoa	
15			
16	On behalf of Defendants CKE Restaurants Holdings, Inc.; Carl's Jr. Restaurants, LLC; and Carl's Jr.	On behalf of Salvador Ochoa, Hermelinda Aguilar, and the Class	
17	Carl's Jr. Restaurants, LLC; and Carl's Jr. Funding, LLC		
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FIRST AMENDED STIPULATION AND SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS

1	provided that counsel for the Parties to this Agreement shall exchange among themselves		
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4	Agreement. Hence, in any construction made to this Agreement, the same shall not be		
5	construed against any of the Parties.		
6			
7			
8	CKE RESTAURANTS HOLDINGS, INC.; CARL'S JR. RESTAURANTS, LLC; AND CARL'S JR. FUNDING, LLC	PLAINTIFF HERMELINDA AGUILAR	
9	AND CARL'S JR. FUNDING, LLC	DocuSigned by:	
10		75647B2210764CB	
11		Hermelinda Aguilar	
12		PLAINTIFF SALVADOR OCHOA	
13			
14	By:	Salvador Ochoa	
15	On behalf of Defendants CKE	On behalf of Salvador Oaboa	
16 17	Restaurants Holdings, Inc.; Carl's Jr. Restaurants, LLC; and Carl's Jr.	On behalf of Salvador Ochoa, Hermelinda Aguilar, and the Class	
18	Funding, LLC		
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	-28	8-	

FIRST AMENDED STIPULATION AND SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS

provided that counsel for the Parties to this Agreement shall exchange among themselves 1 2 original signed counterparts. 3 121. Each of the Parties has cooperated in the drafting and preparation of this 4 Agreement. Hence, in any construction made to this Agreement, the same shall not be 5 construed against any of the Parties. 6 7 CKE RESTAURANTS HOLDINGS, INC.; PLAINTIFF HERMELINDA AGUILAR 8 CARL'S JR. RESTAURANTS, LLC; AND CARL'S JR. FUNDING, LLC 9 10 Hermelinda Aguilar 11 12 PLAINTIFF SALVADOR OCHOA 13 14 15 On behalf of Salvador Ochoa, On behalf of Defendants CKE 16 Restaurants Holdings, Inc.; Carl's Jr. Restaurants, LLC; and Carl's Jr. Hermelinda Aguilar, and the Class 17 Funding, LLC 18 19 20 21 22 23 24 25 26 27 28 -28-FIRST AMENDED STIPULATION AND SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS