

**PLEASE READ THIS NOTICE CAREFULLY.
IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.**

*This is **not** a solicitation from a lawyer. A court authorized this notice.*

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Joel Zelaya, et al. vs. Commercial Lumber & Pallet Co, Inc., et al.

Superior Court of The State of California, County of Los Angeles Case No. 22PSCV00340

Pedro Negrete vs. Commercial Lumber & Pallet Co, Inc.

Superior Court of The State of California, County of Los Angeles Case No. 22STCV03643

If you are or were employed by Commercial Lumber & Pallet Co, Inc. at any time between January 17, 2018, and September 1, 2023, (the “Settlement Class”), a proposed class action settlement may affect your rights and you may be entitled to money under the proposed Settlement.

You are **not** being sued. A court authorized this notice. This is **not** a solicitation from a lawyer.

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ABOUT YOUR RIGHTS.**

1. Why Did I Get This Notice?

The Court has granted preliminary approval of the Settlement of the class action brought on behalf of all individuals who were employed by Commercial Lumber & Pallet Co, Inc. in the State of California at any time between January 17, 2018 and September 1, 2023.

You are receiving this Notice because Defendants’ records show that you are in the proposed Settlement Class. This notice informs you about settlement of this pending lawsuit, that you may be a member of the Settlement Class, and that you have certain rights to object to the settlement.

2. What Is This Lawsuit About?

Both the above actions allege that Commercial Lumber & Pallet Co, Inc. and Raymond Gutierrez (“Defendants”), failed to pay minimum and overtime wages, failed to pay timely wages, failed to provide accurate itemized wage statements, failed to provide timely, duty-free meal periods and/or pay meal period premiums for missed meal periods, failed to provide compliant rest periods and/or pay rest period premiums, failed to maintain adequate records, failed to reimburse business expenses, unfairly competed, and unlawfully assigned wages to them and other similarly situated employees. Plaintiffs also seek penalties under the Private Attorneys’ General Act of 2004 (“PAGA”) on behalf of themselves and other allegedly aggrieved employees as well as restitution under Cal. Bus. & Prof. Code section 17200.

Plaintiff Joel Zelaya and Plaintiff Demetrio Montes filed their action in the Superior Court of The State of California, County of Los Angeles Case No. 22PSCV00340 on April 6, 2022 and Plaintiff Pedro Negrete (collectively with Plaintiff Joel Zelaya and Plaintiff Demetrio Montes “Plaintiffs”) filed his action in the Superior Court of The State of California, County of Los Angeles Case No. 22STCV03643 on January 28, 2022.

Defendants deny Plaintiffs’ claims and allegations and assert that they have complied with all of their legal obligations under the California Labor Code, PAGA, Cal. Bus. & Prof. Code section 17200, and other applicable laws.

This description of the case is general and does not cover all the issues of this case. This Notice is not an expression by the Court about the merits of the case. The Settlement is not an admission of any wrongdoing, and the Court has not made any findings of liability.

3. Has The Court Decided Who Is Right?

No. The Court has made no decision regarding the merits of Plaintiffs' allegations or Defendants' defenses.

4. Why Did This Case Settle?

The Parties in this action disagree as to the probable outcome of the action with respect to liability and damages if it were not settled. Although Plaintiffs believe their claims and that of the Settlement Class have merit, Plaintiffs recognizes that litigating is a risky proposition, and that they may not have prevailed on all or some of their claims. Likewise, while Defendants are confident that they have strong defenses to Plaintiffs' and the Settlement Class's claims, they recognize the risks, distractions, and costs involved with litigation. The Parties engaged in direct settlement negotiations and, recognizing the risks and costs inherent in litigation, thereafter reached the proposed settlement of all the claims asserted in the lawsuit.

On September 1, 2023, the Court granted preliminary approval of the proposed settlement, upon finding this proposed settlement is the result of good faith, arm's-length negotiations between the parties through their respective attorneys. The Court has expressed no opinion on the merits of Plaintiffs' claims or Defendants' defenses.

5. What Are The Terms Of The Proposed Settlement And How Much Will I Receive?

Without admitting any fault or liability and in exchange for a release of all claims, Defendants have agreed to pay a total of \$756,465 to create a non-reversionary settlement fund ("Gross Settlement Amount"). The Gross Settlement Amount shall be available to pay each Settlement Class member who has not previously opted out; provided that a portion of the Gross Settlement Amount will be distributed to the PAGA Group (defined below) regardless of whether a Settlement Class Member opts out. Under the proposed settlement, the following amounts will be deducted from the Gross Settlement Amount before any payments are made to employees, subject to final approval by the Court:

- Attorneys' Fees – requested up to \$264,762.75 and the court has indicated that it will likely award up to \$252,155
- Attorneys' Costs of Suit – up to \$40,000
- PAGA Payment – \$50,000 (\$37,500 of the \$50,000 Payment to the Labor & Workforce Development Agency; and \$12,500 of the \$50,000 in PAGA Penalties will be distributed separately to all PAGA Group Employees, as further explained below).
- Settlement Administration Expenses – up to \$15,000
- Service Award to Class Representative(s) – up to \$7,500 each (\$22,500 total)

After these deductions, up to \$376,810 will be available for payment to the Settlement Class receiving this notice as the "Net Settlement Amount." Specifically, each Class Participant shall receive a credit of one work week for each week worked between January 17, 2018, and September 1, 2023. The proposed method of allocation is fair and reasonable.

PAGA Group Employees¹ will receive an equal portion of the 25% of the PAGA Payment allocated to the PAGA Group Employees (i.e., \$12,500 of the \$50,000), on a pro rata basis. This Individual PAGA Payment shall be made to each and every PAGA Group Employee, including those who submit valid Requests for Exclusion/ Opt-Outs.

¹ "PAGA Group Employees" shall include and mean all individuals who or were employed by Commercial Lumber & Pallet Co, Inc. in the State of California during the PAGA Covered Period from January 17, 2021, through September 1, 2023.

Final approval and a determination of attorneys’ fees, attorneys’ costs, PAGA penalties, settlement administration expenses, and a service award to the class representative are subject to a fairness hearing that will occur on February 2, 2024, in Dept. 1 of the Los Angeles County Superior Court, 312 North Spring Street, Los Angeles California 90012 at 10:30 a.m., Pacific Time.

6. What Are Your Options?

As a member of the Settlement Class, you have several options available to you:

<p>PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT PAYMENT</p>	<p><u>YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT PAYMENT.</u> By doing nothing, you <u>WILL</u> receive a share of the Settlement proceeds if the proposed Settlement is finally approved, and you will be covered by the release summarized in section 7 below and will therefore give up any rights you may otherwise have to sue Defendants separately regarding certain claims.</p> <p>Your estimated Individual Settlement Amount is <<\$estAmount>> based on Defendants’ records that indicate you worked <<workweeks>> weeks for Defendants between January 17, 2018, and September 1, 2023.</p> <p>It is important that if your address has changed, you give your current mailing address to the Settlement Administrator to ensure you receive your share of the Settlement proceeds if the proposed Settlement is finally approved.</p>
<p>ASK TO BE EXCLUDED (SUBMIT A VALID REQUEST FOR EXCLUSION/ OPT-OUT) FROM THE CLASS ACTION SETTLEMENT</p>	<p>If you timely request in writing to be excluded from the proposed Settlement, you <u>WILL NOT</u> receive a share of the Net Settlement Amount, and the settlement will not affect any rights you may otherwise have to sue Defendants separately about the same legal claims in this lawsuit, other than those claims brought under the Private Attorneys General Act (PAGA) for civil penalties. Section 9 below explains how to request to be excluded from the settlement. Your written Request for Exclusion/ Opt-Out letter must be postmarked by November 16, 2023.</p> <p>However, if you are a PAGA Group Employee, even if you request to be excluded from of the settlement, you will still receive your pro rata portion of the (\$50,000) PAGA Payment that will be distributed to the PAGA Group Employees. Your estimated Individual PAGA Payment is <<\$PAGA_Amount>>.</p>
<p>OBJECT</p>	<p>You may object to the settlement if you did not ask to be excluded from the settlement. If you timely submit in writing an objection to the settlement and the settlement is nonetheless granted final approval, you <u>WILL</u> (i) receive a share of the settlement proceeds and (ii) release legal claims against Defendants. Your written notice of intent to object must be postmarked by November 16, 2023.</p> <p>Note, however, that whereas you may object to the Class Action Settlement portion of the Settlement, you cannot object to the PAGA Portion of the Settlement.</p>
<p>DISPUTE YOUR SETTLEMENT AWARD</p>	<p>You may dispute Defendants’ records of number of weeks worked during the Class Period by submitting information to the Settlement Administrator, CPT Group not later than November 16, 2023. CPT Group shall make the final decision based on the information presented by you and Defendants.</p>

7. What Rights Am I Giving Up?

As part of the settlement, Plaintiffs and each member of the Settlement Class (excluding those who elect to exclude themselves from the class settlement) will fully release and discharge Defendants as well their respective parents, subsidiaries, and affiliates, owners, shareholders, insurers and current and former officers, directors, employees and agents (the “Release”).

The Release covers any and all claims, debts, liabilities, demands, obligations, penalties, guarantees, costs, expenses, attorney’s fees, damages, action or causes of action of whatever kind or nature, whether known or unknown, contingent or accrued, that are alleged, or that reasonably could have arisen out of the same facts alleged in the Action, including, but not limited to claims for: (a) failure to pay regular and minimum wages; (b) failure to pay overtime wages; (c) failure to provide accurate itemized wage statements; (d) failure to pay final wages upon separation of employment; (e) failure to provide timely, duty-free meal periods and/or pay required meal period premiums; (f) failure to provide compliant rest periods and/or pay rest required period premiums; (g) failure to reimburse necessary expenditures in discharge of duties; (h) failure to maintain required records; (i) failure to pay wages timely during employment; (j) unlawful discount and deduction of entitled wages; (k) any right or claim for damages, unpaid wages, statutory penalties, or civil penalties arising under the California Labor Code or Wage Orders based on the alleged failures set forth above (a)-(j) and which were alleged, or that reasonably could have been alleged based on the facts alleged in the Action; and (l) any right or claim for unfair business practices in violation of California Business & Professions Code sections 17200, *et seq.*, based on the alleged failures set forth in (a)-(j) and which were alleged, or that reasonably could have been alleged based on the facts alleged in the Action; and (m) any violation of the California Labor Code arising from or related to the conduct alleged in in (a)-(j) and which were alleged, or that reasonably could have been alleged based on the facts alleged in the Action, including violation of California Labor Code sections 201–204, 210, 221, 223, 224, 226, 226.7, 226.3, 300, 510, 512, 558, 558.1, 1182.12, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and violation of IWC Wage Order No. 1, and (n) all claims for unfair business practices under California Business & Professions Code section 17200, *et seq.* that could have been premised on the claims, causes of action or legal theories of relief described above in (a)-(j) and which were alleged, or that reasonably could have been alleged based on the facts alleged in the Action.

The Release does not include any claims for workers compensation, unemployment, or disability benefits of any nature, nor do they include any claims, actions, or causes of action which may be possessed by Settlement Class Members under state or federal anti-discrimination statutes, including, without limitation, the Cal. Fair Employment and Housing Act, the Cal. Government Code § 12940, *et seq.*; the Unruh Civil Rights Act, the Cal. Civil Code § 51, *et seq.*; the California Constitution; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000, *et seq.*; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101, *et seq.*; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 *et seq.*; the Fair Credit Reporting Act, the Investigative Consumer Reporting Agencies Act (ICRAA), and/or the Consumer Credit Reporting Agencies Act (CCRAA).

8. What Are PAGA Penalties?

PAGA Penalties: \$50,000 of the Gross Settlement Amount is allocated to alleged Private Attorneys General Act (PAGA) civil penalties (“PAGA Penalties”), subject to Court approval. By law, 75% of the PAGA Penalties (*i.e.*, \$37,500) will be paid to the California Labor & Workforce Development Agency and 25% of the PAGA Penalties (*i.e.*, \$12,500) will be distributed to the PAGA Group Employees. Under PAGA, the state of California deputizes private attorney generals, such as Plaintiffs, to prosecute employers for alleged violations of the Labor Code and all employees are entitled to share in the 25% of the penalties that would otherwise be recoverable by the State if it directly prosecuted Defendants for the alleged Labor Code violations.

If this settlement is approved, and you are a PAGA Group Employee, you will receive a portion of the 25% of the PAGA Penalties allocated for distribution to the PAGA Group Employees on a pro rata basis based on your

weeks worked during the PAGA Covered Period regardless of whether or not you otherwise submit a valid Request for Exclusion/ Opt-Out of the Settlement.

9. What If I Do Not Wish To Be Part Of The Proposed Settlement?

Anyone not wishing to participate in the class action portion of the proposed settlement may exclude himself or herself (“opt out”) by completing, signing and mailing a Request for Exclusion letter by November 16, 2023, to the Settlement Administrator as follows.

Zelaya v. Commercial Lumber & Pallet Co., Inc.
c/o CPT Group, Inc.
50 Corporate Park,
Irvine, California 92606
1-888-1498-0176
www.cptgroupcaseinfo.com/CLPSettlement

If your Request for Exclusion is postmarked after November 16, 2023, it will be rejected, and you will be a Settlement Class member and be bound by the Settlement terms.

To be valid, any Request for Exclusion must state something similar to the effect that the Settlement Class member wishes to be excluded from the class settlement and contain the following additional information: (1) the name, employee identification number and/or last four digits of the employee’s social security number for identification purposes; (2) a statement that the Settlement Class member wishes to be excluded from the class settlement such as “I wish to be excluded from the Settlement in Joel Zelaya, et al. vs. Commercial Lumber & Pallet Co, Inc., et al. & Pedro Negrete vs. Commercial Lumber & Pallet Co, Inc. pending in Los Angeles County Superior Court. I understand that in asking to be excluded from the Settlement class, I will not receive any money as part of the settlement approved by the Court”; and (3) be postmarked by the November 16, 2023, and mailed to the Settlement Administrator at the address specified above.

Anyone who submits a timely and valid Request for Exclusion shall not be deemed a Settlement Class member and will not receive payment as part of this proposed settlement, except for his or her pro rata share of the PAGA penalties, if they are a PAGA Group Employee, as outlined above in section 8. Such persons will keep any rights they may otherwise have to sue Defendants separately about the claims made in this lawsuit, other than those brought under PAGA for civil penalties.

10. What If I Have An Objection?

Any objection to the class action portion of the proposed Settlement must be in writing and mailed to the Settlement Administrator (identified above) by November 16, 2023. To be valid, any objection must: (1) contain the objecting Settlement Class member’s full name; (2) be postmarked by the November 16, 2023, and mailed to the Settlement Administrator at the address specified above; and (3) should provide each specific reason in support of the objection. Class Members need not include legal arguments for their written objections to be considered.

11. Who Represents The Settlement Class?

The Court has appointed Plaintiffs (Joel Zelaya and Demetrio Montes and Pedro Negrete) as the class representatives and appointed the following Plaintiffs’ attorneys as Class Counsel:

Gregory P. Wong (SBN 204502)
Heather K. Cox (SBN 278898)
BARKHORDARIAN LAW FIRM, PLC
6047 Bristol Parkway, Second Floor
Culver City, CA 90230
Tel: 323-450-2777
Fax: 310-215-3416

Justin F. Marquez (SBN 262417)
Christina M. Le (SBN 237697)
Zachary D. Greenberg (SBN 331501)
WILSHIRE LAW FIRM, PLC
3055 Wilshire Blvd. 12th Floor
Los Angeles CA 90010
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

You do not need to hire your own lawyer because Class Counsel is working on your behalf. However, if you want your own lawyer, including to make any objections to the proposed settlement, you are free to hire one at your own expense.

12. What Happens Next In The Case?

The proposed settlement has only been preliminarily approved. The Court will hold a hearing in Dept. 1 of the Los Angeles County Superior Court, 312 North Spring Street, Los Angeles California 90012 on February 02, 2024 at 10:30 a.m., Pacific Time, to consider any objections and determine whether the settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve the settlement of the PAGA representative claim and also Class Counsel's request for attorneys' fees and costs, the costs of settlement administration, and the proposed service award. The hearing may be continued without further notice to you. It is not necessary for you to appear at this hearing. Face masks and/or facial coverings may be required or mandatory at all times to enter any courthouse or courtroom and may be required to be worn covering the nose and mouth. Social distancing may be observed in the courthouse and courtroom in the event you elect to appear at the hearing. If a Class Member would like to arrange to appear by telephone or video conference, please contact Class Counsel and they will make efforts to facilitate that.

13. How Can I Receive More Information?

This Notice is a summary of the basic terms of the proposed settlement. For the precise terms and conditions of the proposed settlement, you may review the detailed "Stipulation of Settlement" on file with the Clerk of the Court as well as the pleadings and other records in this litigation at the Office of the Clerk of the Los Angeles County Superior Court, 312 North Spring Street, Los Angeles, California 90012. You must make an appointment to view documents at the Office of the Clerk.

For further information, you may also call or email Class Counsel (listed above) or the Settlement Administrator (listed above). You may also ask Class Counsel to send you a copy of the Stipulation and Settlement Agreement. The pleadings and other records in this litigation may also be examined at the Office of the Clerk of the Los Angeles County Superior Court, 312 North Spring Street, Los Angeles, California 90012. You must make an appointment to view documents at the Office of the Clerk. Additional information is also available through the Court's online system at <https://www.lacourt.org/>.

Please do not telephone the Court, the Office of the Clerk, or Defendant for information regarding this proposed Settlement.