

1 Gregory P. Wong (SBN 204502)  
Heather K. Cox (SBN 278898)  
2 Heather@barklawfirm.com  
BARKHORDARIAN LAW FIRM, PLC  
3 6047 Bristol Parkway, Second Floor  
Culver City, Ca 90230  
4 Tel: 323-450-2777  
5 Fax: 310-215-3416

6 Attorneys for Plaintiffs  
JOEL ZELAYA and DEMETRIO MONTES

7 **COUNSEL CONTINUED ON NEXT PAGE**

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE

12 JOEL ZELAYA, an individual; DEMETRIO  
13 MONTES, an individual,

14 Plaintiffs,

15 vs.

16 COMMERCIAL LUMBER & PALLET CO.,  
17 INC., a California Corporation; RAYMOND  
GUTIERREZ, an Individual; and DOES 1  
through 100, inclusive,

18 Defendants.

Case No. 22PSCV00340

*Related Case No. 22STCV03643*

Assigned for all purposes to Judge Stuart M.  
Rice, Dept. 1

**JOINT STIPULATION FOR CLASS  
ACTION SETTLEMENT**

1 Justin F. Marquez (SBN 262417)  
[justin@wilshirelawfirm.com](mailto:justin@wilshirelawfirm.com)  
2 Christina M. Le (SBN 237697)  
[cle@wilshirelawfirm.com](mailto:cle@wilshirelawfirm.com)  
3 Zachary D. Greenberg (SBN 331501)  
[zgreenberg@wilshirelawfirm.com](mailto:zgreenberg@wilshirelawfirm.com)  
4 WILSHIRE LAW FIRM  
3055 Wilshire Blvd., 12th Floor  
5 Los Angeles, California 90010  
Telephone: (213) 381-9988  
6 Facsimile: (213) 381-9989

7 Attorneys for Plaintiff PEDRO NEGRETE

8  
9 Richard J. Frey (SBN 174120)  
[rfrey@nixonpeabody.com](mailto:rfrey@nixonpeabody.com)  
10 Robert Pepple (SBN 295426)  
[rpepple@nixonpeabody.com](mailto:rpepple@nixonpeabody.com)  
11 Jonathan Assia (SBN 323476)  
[jassia@nixonpeabody.com](mailto:jassia@nixonpeabody.com)  
12 Philip Lamborn (SBN 333543)  
[plamborn@nixonpeabody.com](mailto:plamborn@nixonpeabody.com)  
13 NIXON PEABODY LLP  
300 S. Grand Avenue, Suite 4100  
14 Los Angeles, CA 90071-3151  
Tel: 213-629-6000  
15 Fax: 213-629-6001

16 Attorneys for Defendants  
COMMERCIAL LUMBER & PALLET CO., INC. and RAYMOND GUTIERREZ

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1 **TO THE HONORABLE COURT:**

2 This Joint Stipulation for Class Action Settlement (“Settlement Agreement”) is made and  
3 entered into by and between Joel Zelaya, Demetrio Montes, and Pedro Negrete, (“Plaintiffs”)  
4 individually and on behalf of all others similarly situated, and Commercial Lumber & Pallet Co.,  
5 Inc. and Raymond Gutierrez (“Defendants”) (collectively, Defendants and Plaintiffs will be  
6 referred to as the “Parties”), and is subject to the terms and conditions below, and to the Court’s  
7 approval. The Parties expressly acknowledge that this Settlement Agreement is entered into  
8 solely for the purpose of compromising significantly disputed claims and that nothing in this  
9 Settlement Agreement is an admission of liability or wrongdoing by Defendants. If for any  
10 reason the Settlement Agreement is not approved, it will be of no force or effect, and the Parties  
11 will be returned to their respective positions immediately prior to and as if they had never  
12 executed this Settlement Agreement as more fully set forth below.

13 **DEFINITIONS**

14 The following definitions are applicable to this Settlement Agreement. Definitions  
15 contained elsewhere in this Settlement Agreement will also be effective:

- 16 1. “Zelaya Action” means *Joel Zelaya, et al. vs. Commercial Lumber & Pallet Co.,*  
17 *et al.*, Los Angeles County Superior Court Case No. 22PSCV00340.
- 18 2. “Negrete Action” means *Pedro Negrete. vs. Commercial Lumber & Pallet Co., et*  
19 *al.*, Los Angeles County Superior Court Case No. 22STCV03643.
- 20 3. “Claims Administrator” means any third-party class action settlement claims  
21 administrator agreed to by the Parties and approved by the Court for the purposes of  
22 administering this Settlement. The Parties propose CPT Group Inc. as the Claims Administrator.  
23 The Parties each represent that they do not have any financial interest in the Claims  
24 Administrator or otherwise have a relationship with the Claims Administrator that could create  
25 a conflict of interest.
- 26 4. “Claims Administration Expenses” means the costs payable to the Claims  
27 Administrator for administering this Settlement, including, but not limited to, printing,

1 translating into Spanish, conducting a National Change of Address (“NCOA”) search,  
2 distributing (including with appropriate postage), and tracking documents for this Settlement in  
3 English and Spanish, any searches to locate any Class Members, tax reporting, distributing the  
4 Individual Settlement Payments, Class Representatives Enhancement Payment, Class Counsel  
5 Fees and Costs, and providing necessary certification of completion of notice, reports and  
6 declarations, establishing and administering a qualified settlement fund account and other  
7 responsibilities set forth in this Settlement Agreement and as requested by the Parties. The  
8 Claims Administration Expenses are currently estimated to be not more than \$15,000.00.

9 5. “Class Counsel” means Gregory P. Wong, Esq. and Heather K. Cox, Esq. of  
10 Barkhordarian Law Firm, PLC, and Justin F. Marquez, Esq., Christina M. Le, Esq., and Zachary  
11 D. Greenberg, Esq., of Wilshire Law Firm.

12 6. “Class Counsel Fees and Costs” means attorneys’ fees, costs, and expenses  
13 approved by the Court for Class Counsel’s litigation and resolution of the Zelaya Action and the  
14 Negrete Action, and all costs incurred and to be incurred by Class Counsel in the Zelaya Action  
15 and the Negrete Action, including, but not limited to, costs associated with documenting the  
16 Settlement, providing any notices required as part of the Settlement or Court Order, securing the  
17 Court’s approval of the Settlement, administering the Settlement, and obtaining entry of the  
18 Judgment terminating the Zelaya Action and the Negrete Action. Class Counsel will request  
19 attorneys’ fees not to exceed thirty-five percent (35%) of the Gross Settlement Amount and  
20 Defendants agree not to oppose a reasonable Attorneys’ Expenses request in an amount as  
21 documented in Class Counsel’s billing statement and in an amount not to exceed \$40,000.00.  
22 Defendants have agreed not to oppose Class Counsel’s request for Class Counsel Fees and Costs.

23 7. “Class List” means a complete list of all Class Members that Plaintiffs and  
24 Defendants will diligently and in good faith compile from their records, and provide on a  
25 confidential basis to the Claims Administrator within twenty-one (21) calendar days after the  
26 Court’s entry of an order granting preliminary approval of this Settlement. The Class List will  
27 be formatted in Microsoft Office Excel and Defendants will use their best efforts to include each

1 Class Member’s full name; most recent mailing address; last known telephone number if readily  
2 available; dates of employment or number of workweeks worked during the Class Period; and  
3 Social Security number.

4 8. “Class Member(s)” or “Settlement Class” means Plaintiffs and all current and  
5 former hourly non-exempt employees of Defendants within California at any time during the  
6 Class Period.

7 9. “Class Period” means the period from January 17, 2018, through the date that a  
8 preliminary approval order is entered.

9 10. “Class Representative Enhancement Payment” means the amount to be paid from  
10 the Gross Settlement Amount to the named Plaintiffs in exchange for executing a general release  
11 and in recognition of their effort in prosecuting the Zelaya Action and the Negrete Action on  
12 behalf of Class Members. Plaintiffs will request and Defendants will not oppose Plaintiffs’  
13 application to the court for a payment of Ten Thousand Dollars (\$10,000) each (\$30,000 total)  
14 for Plaintiffs for their willingness to serve as Class Representative.

15 11. “Court” means the Los Angeles County Superior Court, or any other court taking  
16 jurisdiction of the Zelaya Action and the Negrete Action.

17 12. “Effective Date” means the date when the Final Approval Order becomes final,  
18 and Defendants fully fund the Gross Settlement Amount. For purposes of this Paragraph, the  
19 Final Approval Order “becomes final” upon the last to occur of the following: (a) if there are no  
20 objections to the Settlement, the date the Court enters an order granting final approval of the  
21 Settlement; (b) if there are objections to the Settlement, and if an appeal, review, or writ is not  
22 sought from the Final Approval Order, the day after the time period to appeal the Settlement has  
23 expired, i.e., 60 days from the date the Court enters an order granting final approval of the  
24 Settlement; or (c) if there are objections to the Settlement, and an appeal, review, or writ is timely  
25 sought from the Final Approval Order, the day after the Final Approval Order is affirmed or the  
26 appeal, review, or writ is dismissed or denied, and the Final Approval Order is no longer subject  
27 to further judicial review.



1 of the PAGA Settlement Amount (defined below) and will be bound by the Released PAGA  
2 Claims (defined below).

3 17. "Notice" means the Notice of Class Action Settlement, substantially in the form  
4 attached as Exhibit A.

5 18. "PAGA" means the California Private Attorneys General Act of 2004, which is  
6 codified in California Labor Code §2698, et seq.

7 19. "PAGA Group Member(s)" means Plaintiffs and all current and former hourly  
8 non-exempt employees of Defendants within California at any time during the PAGA Period.

9 20. "PAGA Period" means the period from January 17, 2021, through the date that a  
10 preliminary approval order is entered.

11 21. "PAGA Settlement Amount" means the portion of the Gross Settlement Amount  
12 allocated to the resolution of Class Members' claims arising under PAGA. The Parties have  
13 agreed that the PAGA Settlement Amount is Fifty Thousand Dollars (\$50,000), subject to Court  
14 approval. Of the PAGA Settlement Amount, 75% or Thirty-Seven Thousand Five Hundred  
15 Dollars (\$37,500) will be paid to the LWDA and the remaining 25% or Twelve Thousand Five  
16 Hundred Dollars (\$12,500) will be distributed to PAGA Group Members regardless of whether  
17 they are a Participating Class Member or not.

18 22. "Individual PAGA Payment" means each PAGA Group Member's respective  
19 share of the PAGA Settlement Amount. Individual PAGA Payments will be determined by the  
20 calculations provided in this Agreement.

21 23. "Participating Class Members" means all Class Members who do not submit valid  
22 Requests for Exclusion.

23 24. "Preliminary Approval" means the Court order granting preliminary approval of  
24 the Settlement Agreement.

25 25. "PAGA Notices" means the letters Plaintiffs sent to the LWDA on January 17,  
26 2022, and the amended notice sent on February 8, 2023, to inform the agency of Defendants'  
27 alleged Labor Code Violations.



1 unlawful discount and deduction of entitled wages; (k) any right or claim for damages, unpaid  
2 wages, statutory penalties, or civil penalties arising under the California Labor Code or Wage  
3 Orders based on the alleged failures set forth above (a)-(j) and which were alleged, or that  
4 reasonably could have been alleged based on the facts alleged in the Zelaya Action and the  
5 Negrete Action; and (l) any right or claim for unfair business practices in violation of California  
6 Business & Professions Code sections 17200, *et seq.*, based on the alleged failures set forth in  
7 (a)-(j) and which were alleged, or that reasonably could have been alleged based on the facts  
8 alleged in the Zelaya Action and the Negrete Action; and (m) any violation of the California  
9 Labor Code arising from or related to the conduct alleged in in (a)-(j) and which were alleged,  
10 or that reasonably could have been alleged based on the facts alleged in the Zelaya Action and  
11 the Negrete Action, including violation of California Labor Code sections 201–204, 210, 221,  
12 223, 224, 226, 226.7, 226.3, 300, 510, 512, 558, 558.1, 1182.12, 1174, 1174.5, 1194, 1194.2,  
13 1197, 1197.1, 1198, 2802, and IWC Wage Order No. 1; and expressly excluding all other claims,  
14 including claims for unemployment insurance, disability, social security, and workers’  
15 compensation, and claims outside of the Class Period. This Released Claims will cover all Class  
16 Members who do not opt out. The Parties agree that the judgment, and the Release Class Claims  
17 provided herein, shall have res judicata effect.

18 28. “Defendants” means Commercial Lumber and Pallet Co., Inc. and Raymond  
19 Gutierrez.

20 29. “Released Parties” means Defendants and Defendants’ former and present  
21 parents, subsidiaries and affiliated companies and entities, franchisors and franchisees, and its  
22 current, former, and future owners, officers, shareholders, directors, members, managers,  
23 operators, employees, consultants, vendors, partners, affiliates, subsidiaries, shareholders,  
24 attorneys, insurers, payroll providers, joint venturers, and agents, and any successors, assigns,  
25 or legal representatives and any individual or entity who or which could be jointly liable with  
26 Defendants and all persons or entities acting by, through under or in concert with any of them,  
27 including but not limited to any and all staffing agencies and professional employment

1 organizations that supplied employees to Defendants, or performed professional employment  
2 organization services, as applicable.

3 30. “Request for Exclusion” means a timely letter submitted by a Class Member  
4 indicating a request to be excluded from the Settlement. The Request for Exclusion must: (a) set  
5 forth the name, address, telephone number and last four digits of the Social Security Number of  
6 the Class Member requesting exclusion; (b) be signed by the Class Member; (c) be returned by  
7 mail or fax to the Claims Administrator at the specified address or fax number indicated in the  
8 Notice; (d) clearly state that the Class Member does not wish to be included in the Settlement;  
9 and (e) be faxed or postmarked on or before the Response Deadline.

10 31. “Response Deadline” means the deadline by which Class Members must fax or  
11 postmark to the Claims Administrator a valid Request for Exclusion, submit objections to the  
12 Settlement or dispute workweeks. The Response Deadline will be forty-five (45) calendar days  
13 from the initial mailing of the Notice by the Claims Administrator. The Response Deadline for  
14 Request for Exclusion, objection or dispute workweeks will be extended fifteen (15) calendar  
15 days for any Class Member who is re-mailed a Notice by the Claims Administrator in accordance  
16 with the notice procedure described in Paragraph 48 of this Settlement Agreement. The Response  
17 Deadline may also be extended by express agreement between Class Counsel and Defendants’  
18 counsel.

19 **TERMS OF AGREEMENT**

20 Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants agree as  
21 follows:

22 32. Impact of Any Court Determination Not to Enter Final Approval Order. In the  
23 event that the Court does not enter a Final Approval Order and this Settlement Agreement does  
24 not become effective, the following will occur:

- 25 a. on the date final approval is denied, the status of the Zelaya Action and the  
26 Negrete Action will be deemed to return to its status at the time  
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1 immediately prior to and as if the Parties had never executed this Settlement  
2 Agreement; and

3 b. Defendants will pay the Claims Administrator for any costs incurred by the  
4 Claims Administrator.

5 33. Settlement Funding. Within twenty-one (21) calendar days of the Final Approval  
6 Order becoming final, as explained in Paragraph 12, Defendants will make payment/fund the  
7 entire Gross Settlement Amount in the amount of \$756,465. The employers' share of the payroll  
8 taxes, which shall be paid in addition to the Gross Settlement Amount.

9 34. Class Counsel Fees and Costs. Defendants agree not to oppose or impede any  
10 application or motion by Class Counsel for Class Counsel Fees in the amount of up to thirty-five  
11 percent (35%) of the Gross Settlement Amount. Defendants also agree not to oppose or impede  
12 any application by Class Counsel for the reimbursement of the actual costs and expenses  
13 associated with Class Counsel's litigation and settlement of the Zelaya Action and the Negrete  
14 Action not to exceed \$40,000.00. In consideration of their awarded attorneys' fees and costs and  
15 expenses, Plaintiffs and Class Counsel waive any and all claims to any further attorneys' fees  
16 and expenses in connection with the Zelaya Action and the Negrete Action.

17 35. Class Representative Enhancement Payment. In exchange for named Plaintiffs'  
18 executing a general release, and in recognition of their effort in prosecuting the Zelaya Action  
19 and the Negrete Action on behalf of Class Members, Defendants agree not to oppose or impede  
20 any application or motion for a Class Representative Enhancement Payment of up to Ten  
21 Thousand Dollars (\$10,000) to each named Plaintiff. The Class Representative Enhancement  
22 Payment, which will be paid from the Gross Settlement Amount, will be in addition to Plaintiffs'  
23 Individual Settlement Payment paid pursuant to the Settlement. Plaintiffs will be solely and  
24 legally responsible to pay any and all applicable taxes, penalties and interest on the payment  
25 made pursuant to this paragraph and will hold Defendants harmless from any claim or liability  
26 for taxes, penalties, or interest arising as a result of the payment.

1           36.    Claims Administration Expenses. The Claims Administrator will be paid for the  
2 reasonable fees and costs of administration of the Settlement, which are estimated not to exceed  
3 Fifteen Thousand Dollars and Zero Cents (\$15,000.00). These will include, *inter alia*, fees and  
4 costs payable to the Claims Administrator for printing, translating into Spanish (or other first-  
5 languages of Class Members, if necessary), distributing (including with appropriate postage),  
6 and tracking documents for this Settlement in English and Spanish, any searches to locate any  
7 Class Members, calculating estimated Individual Settlement Payments, calculating estimated  
8 Individual PAGA Payments, tax reporting, distributing the Individual Settlement Payments,  
9 distributing Individual PAGA Payments, Class Representative Enhancement Payment, Class  
10 Counsel Fees and Costs, payment to LWDA for PAGA penalties, and providing necessary  
11 certification of completion of notice, reports and declarations, establishing and administering a  
12 Qualified Settlement Fund account, required tax reporting on the Individual Settlement  
13 Payments, the issuing of 1099 and W-2 IRS forms, calculating the employers' share of payroll  
14 taxes on the wage portion of the Individual Settlement Payments and coordinating related  
15 reporting, and other responsibilities as requested by the Parties. The Claims Administration  
16 Expenses will be paid from the Gross Settlement Amount.

17           37.    Net Settlement Amount. The Net Settlement Amount will be used to satisfy  
18 Individual Settlement Payments to Participating Class Members from the Settlement Class.

19           38.    Individual Class Settlement Payment Calculations. Defendants will provide the  
20 Claims Administrator with the total number of workweeks for each Participating Class Member  
21 and PAGA Group Member. The Claims Administrator will divide the Net Settlement Amount  
22 by the total number of workweeks for Participating Class Members ("Work Week Rate  
23 Amount") and then multiply this amount by each Participating Class Member's total number of  
24 workweeks to yield that employee's Individual Class Settlement Payment. Any one day worked  
25 during a Workweek will be credited as a full workweek. This formula is reflected as follows:  
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NET SETTLEMENT AMOUNT	X	Participating Class Member's Workweeks
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Total number of Workweeks for all Participating Class Members		

In the event a Class Member submits a timely Request for Exclusion from the settlement, he/she will not receive his or her individual settlement allocated to Class Members and his/her share of the settlement will be added to the Net Settlement Amount.

39. Individual PAGA Settlement Payment Calculations. Each PAGA Group Member will receive an individual share of the \$12,500 portion of the PAGA Settlement Amount (or 25% of the PAGA Settlement Amount approved by the Court). The Individual PAGA Settlement Payment shall be calculated by the Claims Administrator, with a formula similar to payments to Participating Class Members. Any one day worked during a Workweek will be credited as a full workweek. This formula is reflected as follows:

\$12,500 for PAGA Penalties to PAGA Group Members	X	Individual PAGA Group Member's Workweeks during PAGA Period
<hr style="border: 1px solid black;"/>		
Total number of Workweeks for all PAGA Group Members during PAGA Period		

No PAGA Group Member will be permitted to exclude themselves from the PAGA claim portion of the Settlement. Individual PAGA Settlement Payments will be distributed by the Claims Administrator by mail to the PAGA Group Members including to those Class Members who submitted a request for exclusion.

40. Participating Class Members and PAGA Group Members. Individuals who are both a Participating Class Member and PAGA Group Member shall receive both the Individual

1 Class Settlement Payment and the Individual PAGA Settlement Payments. No Class Member or  
2 PAGA Group Member will be permitted to exclude themselves from the PAGA claim portion  
3 of the Settlement.

4 41. No Credit Toward Benefit Plans. All Individual Class and/or PAGA Settlement  
5 Payments to Class Members shall be deemed to be income to such Class Members solely in the  
6 year in which such payments actually are received by the Class Members. It is expressly  
7 understood and agreed that the receipt of such Individual Class and/or PAGA Settlement  
8 Payments will not entitle any Class Member to additional compensation or benefits under any  
9 company bonus, paid time off (including vacation and sick leave), or other compensation or  
10 benefit plan or agreement in place during the period covered by the Settlement, nor will it entitle  
11 any Class Member to any increased retirement, 401(k) benefits or matching benefits, or deferred  
12 compensation benefits. It is the intent of this Settlement Agreement that the Individual Class  
13 and/or PAGA Settlement Payments provided for in this Agreement are the sole payments to be  
14 made by Defendants to the Class Members in connection with this Settlement Agreement, and  
15 that the Class Members are not entitled to any new or additional compensation or benefits as a  
16 result of having received the Individual Class and/or PAGA Settlement Payments  
17 (notwithstanding any contrary language or agreement in any benefit or compensation plan  
18 document that might have been in effect during the period covered by this Settlement).

19 42. Claims Administration Process. The Parties agree to cooperate in the  
20 administration of the settlement and to make all reasonable efforts to control and minimize the  
21 costs and expenses incurred in administration of the Settlement.

22 43. Delivery of the Class List. Within twenty-one (21) calendar days of Preliminary  
23 Approval, Defendants, with the assistance of Plaintiffs, will provide the Class List to the Claims  
24 Administrator.

25 44. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the  
26 Class List from Defendants, the Claims Administrator will mail the Notice to all Class Members  
27 via regular First-Class U.S. Mail.



1 or any updated Notice as required by the Court, and the Motion for Preliminary Approval and  
2 Final Approval hearing dates, locations, and times and the final judgment on its website.

3 47. Request for Exclusion Procedures. Any Class Member wishing to opt out from  
4 the class action portion of the Settlement Agreement must sign and fax or postmark a written  
5 Request for Exclusion to the Claims Administrator within the Response Deadline. The date of  
6 the fax or postmark on the return mailing envelope will be the exclusive means to determine  
7 whether a Request for Exclusion has been timely submitted. The Parties to this Agreement and  
8 their counsel agree that they will not solicit or encourage Class Members to opt-out or object to  
9 this Settlement Agreement. If the Court approves the compromise of the PAGA claim, all PAGA  
10 Group Members are bound by the Court's resolution of that claim. Class Members who are also  
11 PAGA Group Members submitting a request for exclusion will nevertheless receive their pro-  
12 rata share of the 25% of the PAGA Settlement Amount (i.e., their Individual PAGA Settlement  
13 Payments) allocated for PAGA penalties to PAGA Group Members.

14 48. Defective Submissions. If a Class Member's Request for Exclusion is defective  
15 as to the requirements listed in this Settlement Agreement, that Class Member will be given an  
16 opportunity to cure the defect(s). The Claims Administrator will mail the Class Member a cure  
17 letter within three (3) calendar days of receiving the defective submission to advise the Class  
18 Member that his or her submission is defective and that the defect must be cured to render the  
19 Request for Exclusion valid. The Class Member will have until the later of (i) the Response  
20 Deadline or (ii) fifteen (15) calendar days from the date of the cure letter to fax or postmark a  
21 revised Request for Exclusion.

22 49. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class  
23 Member who does not affirmatively opt out of the Settlement Agreement by submitting a timely  
24 and valid Request for Exclusion will be bound by all of its terms, including those pertaining to  
25 the Released Claims (other than as it applies to the PAGA claims with respect to the PAGA  
26 Group Members), as well as any Judgment that may be entered by the Court if it grants final  
27 approval to the Settlement. If the Court approves the compromise of the PAGA claim, Class

1 Members who are also PAGA Group Members submitting a request for exclusion, if any, will  
2 nevertheless be bound by the Court's resolution of that claim and receive their pro-rata share of  
3 the 25% of the PAGA Payment allocated to the PAGA Group Members.

4 50. Objection Procedures. To object to the Settlement Agreement, a Class Member  
5 may submit a Request for Exclusion and may mail a valid Notice of Objection to the Claims  
6 Administrator by the Response Deadline. The Claims Administrator will notify counsel for the  
7 Parties forthwith via email. Class Counsel will lodge the objection with the Court. The Notice  
8 of Objection must be signed by the Class Member and contain all information required by this  
9 Settlement Agreement. The postmark date of the mailing will be deemed the exclusive means  
10 for determining that the Notice of Objection is timely. Class Members who wish to object will  
11 have a right to appear at the Final Approval Hearing, with or without counsel at his/her own  
12 expense, in order to have their objections heard by the Court, regardless of whether they  
13 submitted a Notice of Objection. At no time will any of the Parties or their counsel seek to solicit  
14 or otherwise encourage Class Members to submit written objections to the Settlement Agreement  
15 or appeal from the Final Approval Order and Judgment.

16 51. Certification Reports Regarding Individual Settlement Payment Calculations. The  
17 Claims Administrator will provide Defendants' counsel and Class Counsel a weekly report  
18 which certifies: (i) the number of Class Members who have submitted a valid Request for  
19 Exclusion; (ii) the number of Class Members who have submitted a valid Notice of Objection;  
20 and (iii) the number of any deficient Requests for Exclusion or objections. Additionally, the  
21 Claims Administrator will provide to counsel for both Parties any updated reports regarding the  
22 administration of the Settlement Agreement as needed or requested. If requested by Plaintiffs'  
23 counsel or the Court, the Claims Administration shall also provide a declaration attesting to the  
24 services to be provided pursuant to this Settlement Agreement and/or the results of the mailing  
25 of the Notice.

26 52. Timing of Distribution of Payments. Within five (5) business days of Defendants  
27 depositing the payment as set forth above, the Claims Administrator will issue payments to (1)

1 Participating Class Members and PAGA Group Members; (2) Plaintiffs; (3) Class Counsel; and  
2 (4) payment to LWDA. The Claims Administrator will also issue a payment to itself for Court-  
3 approved services performed in connection with the settlement.

4 53. Uncashed or Undeliverable Settlement Checks. Individual settlement checks paid  
5 to participating Class Members will be valid for 180 days. Participating Class Members will  
6 have one hundred eighty (180) calendar days from the date of issuance of the check to cash their  
7 check. For any check not cashed after 180 calendar days, the Claims Administrator will send the  
8 amount represented by the check to the California State Controller's Office Unclaimed Property  
9 Fund, with the identity of the Participating Class Member to whom the funds belong, to be held  
10 for the participating Class Member per California Unclaimed Property Law, in the interest of  
11 justice. The money paid to the California State Controller's Office Unclaimed Property Fund  
12 will remain the Participating Class Member's property. This will allow Participating Class  
13 Members who did not cash their checks to collect their Individual Settlement Amounts at any  
14 time in the future. Therefore, there will be no unpaid residue or unclaimed or abandoned class  
15 member funds, and California Code of Civil Procedure section 384 shall not apply. The funds  
16 will be held by the State until claimed by the employee and the uncashed check never ceases to  
17 be the employee's property.

18 54. Increase in Workweeks. In the event the total number of workweeks exceeds  
19 50,431 by more than 10%, i.e., 55,474, by the end of the Class Period, the Gross Settlement  
20 Amount shall be increased on pro rata basis at a value of fifteen dollars (\$15.00). For example,  
21 if the total number of workweeks is 55,475, Defendants would have to increase the Gross  
22 Settlement Amount by \$15.00 for a total of \$756,480.

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

26 56. Treatment of Individual Settlement Payments. All Individual Settlement  
27 Payments will be allocated as follows: 100% of each PAGA Group Members' pro-rata share of

1 the \$12,500 allocated for PAGA penalties shall be allocated as penalties; 15% of each Individual  
2 Settlement Payment will be considered wages; and 85% of each Individual Settlement Payment  
3 will be considered interest and penalties. The portion allocated to wages in each Individual  
4 Settlement Payment will be reported on an IRS Form W-2 and the portion allocated to interest  
5 and penalties will be reported on an IRS Form-1099 by the Claims Administrator.

6 57. Administration of Taxes by the Claims Administrator. The Claims Administrator  
7 will be responsible for issuing to Plaintiffs, Participating Class Members, PAGA Group  
8 Members, Class Counsel, and Defendants any W-2, 1099, or other tax forms as may be required  
9 by law for all amounts paid pursuant to this Settlement Agreement. The Claims Administrator  
10 will also be responsible for forwarding all payroll taxes and other legally required withholdings,  
11 and related reporting, to the appropriate government authorities.

12 58. Defendants' Responsibility for Employer Taxes: For any portion of the Class  
13 Members' Individual Settlement Payments that are designated as "wages" for purposes of tax  
14 reporting, the employer's taxes, employer contributions of all federal, state, and local taxes  
15 (including, but not limited to, FICA, FUTA, and SDI), will be paid in addition to the Gross  
16 Settlement Amount, via and with the Claims Administrator's assistance.

17 59. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR  
18 PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY  
19 TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER  
20 PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS  
21 AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR  
22 AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS  
23 INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE  
24 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN  
25 THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230  
26 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS  
27 RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND

1 TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH  
2 THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON  
3 THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR  
4 TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY  
5 COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY  
6 OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE  
7 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER  
8 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY  
9 OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF  
10 WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE  
11 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY  
12 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS  
13 AGREEMENT.

14 60. No Prior Assignments. The Parties and their counsel represent, covenant, and  
15 warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported  
16 to assign, transfer, or encumber to any person or entity any portion of any liability, claim,  
17 demand, action, cause of action or right released and discharged in this Settlement Agreement.

18 61. Release of Claims by Class Members. Upon the date the Court enters an order  
19 granting final approval of the Settlement and Defendants fully fund the Gross Settlement  
20 Amount, all Class Members who do not timely submit a valid Request for Exclusion do and will  
21 be deemed to have fully, finally and forever released, settled, compromised, relinquished,  
22 waived, and discharged any and all of the Released Parties of and from any and all Released  
23 Claims accruing during the Class Period. In addition, on the date the Court enters an order  
24 granting final approval of the Settlement and Defendants fully fund the Gross Settlement  
25 Amount, all Class Members who do not timely submit a valid Request for Exclusion and all  
26 successors in interest will be barred from prosecuting or participating in any and all Released  
27 Claims against the Released Parties. Furthermore, upon the date the Court enters an order

1 granting final approval of the Settlement and Defendants fully fund the Gross Settlement  
2 Amount, the State of California and PAGA Group Members (regardless of whether PAGA Group  
3 Members opt out of the Class Settlement) release the Released Parties from the Released PAGA  
4 Claims regardless of whether they submitted timely and/or valid Requests for Exclusion.

5       62. Release by Plaintiffs. Upon the date the Court enters an order granting final  
6 approval of the settlement and Defendants fully fund the Gross Settlement Amount, in addition  
7 to the claims being released by all Class Members, Plaintiffs will provide the following  
8 additional general release (“General Release”): Plaintiffs, on their own behalf and on behalf of  
9 their heirs, spouses, executors, administrators, attorneys, agents and assigns, fully and finally  
10 releases the Released Parties from all claims, demands, rights, liabilities and causes of action of  
11 every nature and description whatsoever, known or unknown, asserted or that might have been  
12 asserted, whether in tort, contract, or for violation of any state or federal statute, rule or regulation  
13 arising out of, relating to, or in connection with any act or omission by or on the part of any of  
14 the Released Parties committed or omitted prior to the execution of this Agreement. This General  
15 Release includes any unknown claims Plaintiffs do not know or suspect to exist in their favor at  
16 the time of this General Release, which, if known by them, might have affected their settlement  
17 with, and release of, the Released Parties or might have affected their decision not to object to  
18 this Settlement or this Release. To the extent the foregoing releases are releases to which Section  
19 1542 of the California Civil Code or similar provisions of other applicable law may apply,  
20 Plaintiffs expressly waive any and all rights and benefits conferred upon them by the provisions  
21 of Section 1542 of the California Civil Code or similar provisions of applicable law which are  
22 as follows:

23                   A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE  
24                   CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO  
25                   EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE  
26                   RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE

1 MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE  
2 DEBTOR OR RELEASED PARTY.

3 The significance of this release and waiver of Civil Code Section 1542 has been explained to  
4 Plaintiffs by their respective counsel. Release by Plaintiffs expressly excludes any claims for  
5 workers compensation against Defendants.

6 63. Neutral Reference. Defendants agree that they will only provide a neutral  
7 reference for Plaintiffs should any prospective employers or anyone contact them regarding  
8 Plaintiffs' employment. Defendants shall only provide the dates of employment and Plaintiffs'  
9 last job title held with Defendants.

10 64. Nullification of Settlement Agreement. In the event that: (i) the Court does not  
11 finally approve the Settlement as provided in this Settlement Agreement; or (ii) the Settlement  
12 does not become final for any other reason, then this Settlement Agreement and any documents  
13 generated to bring it into effect will be null and void. Any order or judgment entered by the  
14 Court in furtherance of this Settlement Agreement will likewise be treated as void from the  
15 beginning. In such case, the Settlement shall not be used or be admissible in any subsequent  
16 proceedings, either in Zelaya Action, the Negrete Action, this Court, or any other Court or forum.

17 65. Preliminary Approval Hearing. The Parties will work together to obtain a hearing  
18 before the Court to request the Preliminary Approval of the Settlement Agreement, and the entry  
19 of a Preliminary Approval Order for: (i) conditional certification of the Settlement Class for  
20 settlement purposes only, (ii) preliminary approval of the proposed Settlement Agreement, and  
21 (iii) setting a date for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval  
22 Order will provide for the Notice to be sent to all Class Members as specified in this Settlement  
23 Agreement. In conjunction with the Preliminary Approval motion, the Parties will submit this  
24 Settlement Agreement, which sets forth the terms of this Settlement and will include the  
25 proposed Notice.

26 66. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of  
27 the deadlines to fax or postmark Request for Exclusion or submit objections to the Settlement  
28



1 extrinsic oral or written representations or terms will modify, vary or contradict the terms of this  
2 Agreement.

3 70. Amendment or Modification. This Settlement Agreement may be amended or  
4 modified only by a written instrument signed by counsel for all Parties or their successors-in-  
5 interest.

6 71. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant  
7 and represent they are expressly authorized by the Parties whom they represent to negotiate this  
8 Settlement Agreement and to take all appropriate action required or permitted to be taken by  
9 such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any  
10 other documents required to effectuate the terms of this Settlement Agreement. The Parties and  
11 their counsel will cooperate with each other and use their best efforts to effect the implementation  
12 of the Settlement. If the Parties are unable to reach agreement on the form or content of any  
13 document needed to implement the Settlement Agreement, or on any supplemental provisions  
14 that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may  
15 seek the assistance of the Court to resolve such disagreement.

16 72. Binding on Successors and Assigns. This Settlement Agreement will be binding  
17 upon, and inure to the benefit of, the successors or assigns of the Parties to this Settlement  
18 Agreement, as previously defined.

19 73. Execution and Counterparts. This Settlement Agreement is subject only to the  
20 execution of all Parties. However, the Settlement Agreement may be executed in one or more  
21 counterparts. All executed counterparts and each of them, including facsimile and scanned  
22 copies of the signature page, will be deemed to be one and the same instrument provided that  
23 counsel for the Parties will exchange among themselves original signed counterparts.

24 74. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe  
25 this Settlement Agreement is a fair, adequate and reasonable settlement of the Zelaya Action and  
26 the Negrete Action and have arrived at this Settlement Agreement after arm's-length  
27 negotiations and in the context of adversarial litigation, taking into account all relevant factors,

1 present and potential. The Parties further acknowledge that they are each represented by  
2 competent counsel and that they have had an opportunity to consult with their counsel regarding  
3 the fairness and reasonableness of this Settlement Agreement.

4 75. Invalidity of Any Provision. Before declaring any provision of this Settlement  
5 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest  
6 extent possible consistent with applicable precedents so as to define all provisions of this  
7 Settlement Agreement valid and enforceable.

8 76. Captions. The captions and section numbers in this Agreement are inserted for the  
9 reader's convenience, and in no way define, limit, construe or describe the scope or intent of the  
10 provisions of this Agreement.

11 77. Waiver. No waiver of any condition or covenant contained in this Agreement or  
12 failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or  
13 constitute a further waiver by such party of the same or any other condition, covenant, right or  
14 remedy.

15 78. Enforcement Actions. In the event that one or more of the Parties institutes any  
16 legal action or other proceeding against any other Party to enforce the provisions of this  
17 Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement,  
18 the successful Party will be entitled to recover from the unsuccessful Party reasonable attorneys'  
19 fees and costs, including expert witness fees incurred in connection with any enforcement  
20 actions.

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



1 Parties file their motion for preliminary approval of the Settlement, Plaintiffs and their Class  
2 Counsel will not initiate any contact with Class Members other than Plaintiffs about the  
3 Settlement, except that, if contacted by a Class Member, they may respond that a settlement has  
4 been reached and that the details will be communicated in a forthcoming Court-approved notice.

5 86. Disputes. Any dispute between the Parties concerning the interpretation or  
6 implementation of this Settlement Agreement will be resolved by the Court. Prior to any such  
7 resort to the Court, counsel for the Parties will confer in good faith to resolve the dispute.

8 87. Applicable Law. All terms and conditions of this Stipulation and its exhibits will  
9 be governed by and interpreted according to the laws of the State of California, without giving  
10 effect to any conflict of law or choice of law principles.

11  
12 **SIGNATURES**

13 READ CAREFULLY BEFORE SIGNING

14  
15 PLAINTIFF  
16 Dated: Aug 24, 2023   
17 Joel Zelaya (Aug 24, 2023 12:25 PDT)  
18 Joel Zelaya

19 PLAINTIFF  
20 Dated: Aug 25, 2023   
21 Demetrio Montes (Aug 25, 2023 12:36 PDT)  
22 Demetrio Montes

23 PLAINTIFF  
24 Dated: \_\_\_\_\_  
25 \_\_\_\_\_  
26 Pedro Negrete

27 DEFENDANT  
28 Dated: \_\_\_\_\_  
29 \_\_\_\_\_  
30 Commercial Lumber & Pallet Co., Inc.

31 DEFENDANT  
32 Dated: \_\_\_\_\_  
33 \_\_\_\_\_

1 Parties file their motion for preliminary approval of the Settlement, Plaintiffs and their Class  
2 Counsel will not initiate any contact with Class Members other than Plaintiffs about the  
3 Settlement, except that, if contacted by a Class Member, they may respond that a settlement has  
4 been reached and that the details will be communicated in a forthcoming Court-approved notice.

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6 implementation of this Settlement Agreement will be resolved by the Court. Prior to any such  
7 resort to the Court, counsel for the Parties will confer in good faith to resolve the dispute.

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9 be governed by and interpreted according to the laws of the State of California, without giving  
10 effect to any conflict of law or choice of law principles.

11  
12 **SIGNATURES**

13 READ CAREFULLY BEFORE SIGNING

14  
15 PLAINTIFF

16 Dated: \_\_\_\_\_

\_\_\_\_\_  
Joel Zelaya

17  
18 PLAINTIFF

19 Dated: \_\_\_\_\_

\_\_\_\_\_  
Demetrio Montes

20  
21 PLAINTIFF

22 Dated: 8-24-23

J. Pedro A. Negrete  
\_\_\_\_\_  
Pedro Negrete

23  
24 DEFENDANT

25 Dated: \_\_\_\_\_

\_\_\_\_\_  
Commercial Lumber & Pallet Co., Inc.

26  
27 DEFENDANT

28 Dated: \_\_\_\_\_

\_\_\_\_\_

1 Parties file their motion for preliminary approval of the Settlement, Plaintiffs and their Class  
2 Counsel will not initiate any contact with Class Members other than Plaintiffs about the  
3 Settlement, except that, if contacted by a Class Member, they may respond that a settlement has  
4 been reached and that the details will be communicated in a forthcoming Court-approved notice.

5 86. Disputes. Any dispute between the Parties concerning the interpretation or  
6 implementation of this Settlement Agreement will be resolved by the Court. Prior to any such  
7 resort to the Court, counsel for the Parties will confer in good faith to resolve the dispute.

8 87. Applicable Law. All terms and conditions of this Stipulation and its exhibits will  
9 be governed by and interpreted according to the laws of the State of California, without giving  
10 effect to any conflict of law or choice of law principles.

11  
12 **SIGNATURES**

13 READ CAREFULLY BEFORE SIGNING

14  
15 PLAINTIFF

16 Dated: \_\_\_\_\_

17 \_\_\_\_\_  
Joel Zelaya

18 PLAINTIFF

19 Dated: \_\_\_\_\_

20 \_\_\_\_\_  
Demetrio Montes

21 PLAINTIFF

22 Dated: \_\_\_\_\_

23 \_\_\_\_\_  
Pedro Negrete

24 DEFENDANT

25 Dated: 8-24-13 \_\_\_\_\_

26 \_\_\_\_\_  
Commercial Lumber & Pallet Co., Inc.

27 DEFENDANT

28 Dated: \_\_\_\_\_

1 Parties file their motion for preliminary approval of the Settlement, Plaintiffs and their Class  
2 Counsel will not initiate any contact with Class Members other than Plaintiffs about the  
3 Settlement, except that, if contacted by a Class Member, they may respond that a settlement has  
4 been reached and that the details will be communicated in a forthcoming Court-approved notice.

5 86. Disputes. Any dispute between the Parties concerning the interpretation or  
6 implementation of this Settlement Agreement will be resolved by the Court. Prior to any such  
7 resort to the Court, counsel for the Parties will confer in good faith to resolve the dispute.

8 87. Applicable Law. All terms and conditions of this Stipulation and its exhibits will  
9 be governed by and interpreted according to the laws of the State of California, without giving  
10 effect to any conflict of law or choice of law principles.

11  
12 **SIGNATURES**

13  
14 READ CAREFULLY BEFORE SIGNING

15 PLAINTIFF

16 Dated: \_\_\_\_\_

17 Joel Zelaya

18 PLAINTIFF

19 Dated: \_\_\_\_\_

20 Demetrio Montes

21 PLAINTIFF

22 Dated: \_\_\_\_\_

23 Pedro Negrete

24 DEFENDANT

25 Dated: 8-24-23

  
Commercial Lumber & Pallet Co., Inc.

26 DEFENDANT

27 Dated: 8-29-23



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Raymond Gutierrez

APPROVED AS TO FORM

Dated: Aug 25, 2023 , 2023

BARKHORDARIAN LAW FIRM, PLC

By:   
Heather K. Cox, Esq.  
Gregory P. Wong, Esq.

*Attorneys for Plaintiffs*  
JOEL ZELAYA and DEMETRIO MONTES,  
on behalf of themselves and all others similarly  
situated

Dated: , 2023

WILSHIRE LAW FIRM

By: \_\_\_\_\_  
Justin F. Marquez, Esq.  
Christina M. Le, Esq.  
Zachary D. Greenberg, Esq.

*Attorneys for Plaintiff*  
PEDRO NEGRETE, on behalf of himself and  
all others similarly situated

Dated: , 2023

NIXON PEABODY, LLP

By: \_\_\_\_\_  
Richard J. Frey  
Robert Pepple  
Jonathan Assia  
Philip Lamborn

*Attorneys for Defendants*  
COMMERCIAL LUMBER & PALLET CO,  
INC. and RAYMOND GUTIERREZ

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Raymond Gutierrez

APPROVED AS TO FORM

Dated: , 2023

BARKHORDARIAN LAW FIRM, PLC

By: \_\_\_\_\_  
Heather K. Cox, Esq.  
Gregory P. Wong, Esq.

*Attorneys for Plaintiffs*  
JOEL ZELAYA and DEMETRIO MONTES,  
on behalf of themselves and all others similarly  
situated

Dated: August 25, 2023

WILSHIRE LAW FIRM

By:  \_\_\_\_\_  
Justin F. Marquez, Esq.  
Christina M. Le, Esq.  
Zachary D. Greenberg, Esq.

*Attorneys for Plaintiff*  
PEDRO NEGRETE, on behalf of himself and  
all others similarly situated

Dated: , 2023

NIXON PEABODY, LLP

By: \_\_\_\_\_  
Richard J. Frey  
Robert Pepple  
Jonathan Assia  
Philip Lamborn

*Attorneys for Defendants*  
COMMERCIAL LUMBER & PALLET CO,  
INC. and RAYMOND GUTIERREZ

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Raymond Gutierrez

APPROVED AS TO FORM

Dated: , 2023

BARKHORDARIAN LAW FIRM, PLC

By: \_\_\_\_\_  
Heather K. Cox, Esq.  
Gregory P. Wong, Esq.

*Attorneys for Plaintiffs*  
JOEL ZELAYA and DEMETRIO MONTES,  
on behalf of themselves and all others similarly  
situated

Dated: , 2023

WILSHIRE LAW FIRM

By: \_\_\_\_\_  
Justin F. Marquez, Esq.  
Christina M. Le, Esq.  
Zachary D. Greenberg, Esq.

*Attorneys for Plaintiff*  
PEDRO NEGRETE, on behalf of himself and  
all others similarly situated

Dated: August 24, 2023

NIXON PEABODY, LLP

By:   
Richard J. Frey  
Robert Pepple  
Jonathan Assia  
Philip Lamborn

*Attorneys for Defendants*  
COMMERCIAL LUMBER & PALLET CO,  
INC. and RAYMOND GUTIERREZ

# EXHIBIT A

**[CLASS MEMBER NAME and ADDRESS]**

**[CLASS MEMBER NAME], 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 **[INSERT PRELIMINARY APPROVAL DATE]** (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.

**PLEASE READ THIS NOTICE CAREFULLY. IT CONTAINS IMPORTANT INFORMATION  
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 **[INSERT PRELIMINARY APPROVAL DATE]**.

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’ 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 [INSERT PRELIMINARY APPROVAL DATE], 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 [INSERT PRELIMINARY APPROVAL DATE]. The proposed method of allocation is fair and reasonable.

PAGA Group Employees<sup>1</sup> 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.

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 [INSERT FINAL APPROVAL HEARING DATE] in Dept. 1 of the Los Angeles County Superior Court, 312 North Spring Street, Los Angeles California 90012 at XX Pacific Time.

## 6. What Are Your Options?

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

<p><b>PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT PAYMENT</b></p>	<p><b><u>YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT PAYMENT.</u></b> 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 [INSERT ESTIMATED INDIVIDUAL SETTLEMENT AMOUNT AS CLASS PARTICIPANT] based on Defendants’ records that indicate you worked [INSERT WORK WEEK VALUE] weeks for Defendants between January 17, 2018 and [INSERT PRELIMINARY APPROVAL DATE].</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</p>
--	---

<sup>1</sup> “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 [INSERT PRELIMINARY APPROVAL DATE].

	<p>your share of the Settlement proceeds if the proposed Settlement is finally approved.</p>
<p><b>ASK TO BE EXCLUDED (SUBMIT A VALID REQUEST FOR EXCLUSION/ OPT-OUT) FROM THE CLASS ACTION SETTLEMENT</b></p>	<p>If you timely request in writing to be excluded from the proposed Settlement, you <b>WILL NOT</b> 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 [REDACTED], 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 [INSERT ESTIMATED INDIVIDUAL PAGA PAYMENT].</p>
<p><b>OBJECT</b></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 <b>WILL</b> (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 [REDACTED], 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><b>DISPUTE YOUR SETTLEMENT AWARD</b></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 [REDACTED], 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 its 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 (m) 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 **XXXX** to the Settlement Administrator as follows.

Settlement Administrator: CPT Group <b>INSERT</b> <b>INSERT</b> <b>INSERT</b>	
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If your Request for Exclusion is postmarked after **XXX**, 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 **[INSERT RESPONSE DEADLINE <<forty-five (45) days>>]** 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 **\_\_\_\_\_**. To be valid, any objection must: (1) contain the objecting Settlement Class member’s full name; (2) be postmarked by the **[INSERT RESPONSE DEADLINE]** 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. 12 <sup>th</sup> Floor Los Angeles CA 90010 Telephone: (213) 381-9988 Facsimile: (213) 381-9989
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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                     , 2023, at XX 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, 213 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.**