

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, HEARING DATE FOR COURT APPROVAL,
AND CLAIMS PROCEDURE**

***Carrillo v. Los Angeles Partyworks, Inc., et al.*, Case No. BC657864
Superior Court of California, County of Los Angeles**

TO: All current and former hourly, non-exempt employees (“Employees”) that worked for Los Angeles Partyworks, Inc. during the time period from April 24, 2013 to May 25, 2018 (the “Class”).

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**PLEASE READ THIS NOTICE CAREFULLY.
THIS NOTICE COULD AFFECT YOUR LEGAL RIGHTS.
YOU MAY BE ENTITLED TO MONEY FROM THIS SETTLEMENT.**

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I. WHY DID I RECEIVE THIS NOTICE AND WHAT IS THE CASE ABOUT?

You are a potential Class Member (a “Settlement Class Member”) in a class action lawsuit filed against Los Angeles Partyworks, Inc. (“LA Partyworks”) (the “Lawsuit”). The Lawsuit alleges LA Partyworks: (1) willfully misclassified Employees as independent contractors; (2) denied Employees the meal and rest periods they are entitled to under California law and did not pay premium pay for missed meal and rest periods; (3) failed to pay minimum wages; (4) failed to pay overtime wages; (5) issued wage statements that do not comply with California law; (6) failed to pay all wages due upon the end of employment; (7) failed to reimburse necessary business expenses incurred by Employees; (8) engaged in unlawful business practices; and (9) is subject to penalties under the California Labor Code Private Attorneys General Act of 2004 (PAGA). The Lawsuit seeks damages for lost wages, interest, penalties, injunctive relief, attorneys’ fees and expenses.

The Parties reached an agreement to settle all claims in the Lawsuit (the “Settlement”), which was preliminarily approved by the Superior Court of California, County of Los Angeles (“the Court”) on May 25, 2018. The Court has ordered that this Notice be sent to you to inform you of the Settlement and your legal rights under the Settlement.

II. WHAT ARE THE PARTIES’ POSITIONS AND REASONS FOR SETTLEMENT?

The Lawsuit was filed by Plaintiff Marco Carrillo on behalf of himself and others similarly situated (“Plaintiff”). Counsel for the Plaintiff (“Class Counsel”) have extensively investigated and researched the facts and law for the issues in the Lawsuits and believe Plaintiff has asserted valid claims. Taking all factors into account, Class Counsel believes the proposed Settlement is fair, adequate, and reasonable and in the best interests of the Settlement Class Members.

LA Partyworks believes all of its employees have been compensated in compliance with the law and denies that it has done anything wrong. LA Partyworks further denies that the Lawsuit is appropriate as a class action. Nothing about the Settlement may be used against LA Partyworks as an admission or indication of any fault, wrongdoing, or liability.

The Parties both recognize that continuing to litigate the Lawsuit takes time and money and any outcome is uncertain. Therefore, the Parties have agreed to settle this Lawsuit on the terms set forth in the Settlement.

The Court has made no ruling on the merits of the claims or defenses in the Lawsuit and has determined only that certification of the Class for settlement purposes is appropriate under the law.

III. WHAT ARE THE SETTLEMENT TERMS?

The Settlement provides that LA Partyworks will pay \$300,000.00 (the “Maximum Settlement Amount”) (except for the employer’s share of payroll taxes) to fully resolve the claims in the Lawsuit. Certain deductions will be made from the Gross Settlement Amount, as follows:

- (1) The Court has tentatively approved a payment of \$13,500.00 to the Settlement Administrator, CPT Group, for the costs incurred in notifying the Settlement Class Members and processing claims.
- (2) Class Counsel will ask the Court at the Final Approval Hearing to approve a Fee and Expense Award not to exceed one-third (33 1/3%) of the Gross Settlement Amount, or \$100,000.00 plus reimbursement of the reasonable litigation expenses Class Counsel has incurred which are currently \$11,566.81. Class Counsel has litigated the Lawsuit on behalf of the Settlement Class Members

on a contingency fee basis (that is, without being paid to date) while advancing litigation costs and expenses. The Fee and Expense Award will fully compensate Class Counsel for all legal fees and expenses incurred in the Lawsuit, including any work they do in the future. Class Counsel's out-of-pocket expenses that are reimbursable under the Fee and Expense Award are capped at, and shall not exceed, \$16,000.00. Settlement Class Members are not personally responsible for any fees or expenses.

- (3) Class Counsel will also ask the Court at the Final Approval Hearing to approve a Service Award in the amount of \$5,000 to the Named Plaintiff, Marco Carrillo, for acting as the representative on behalf of the Settlement Class Members and spending time assisting with the Lawsuit, which was not required of other Settlement Class Members.
- (4) The parties agree that \$5,000.00 are designated for PAGA penalties, and that, under the PAGA rules, 75% of that amount or \$3,750.00 shall be paid to California's Labor and Workforce Development Agency to pay the government portion of penalties allocated under California Labor Code's Private Attorneys General Act ("PAGA"). The remainder will be added to the amount to be distributed to the Settlement Class Members who do not timely request exclusion from the Settlement ("Claimants").

The balance of the Gross Settlement Amount after the deductions described above is the "Net Settlement Proceeds." The Net Settlement Proceeds are estimated to be \$161,750.00.

The payments to the Claimants would be made in two installments. The Settlement provides that LA Partyworks will fund the Gross Settlement Amount with a \$150,000.00 payment during the fourth financial quarter of 2018 (which ends on December 31, 2018) and a \$150,000.00 payment during the fourth financial quarter of 2019 (which ends on December 31, 2019). The Settlement Administrator will issue checks to the Claimants for each Claimants' share of the net portion remaining following each of the \$150,000.00 payments, after deductions for the Settlement Administrator's costs, Class Counsel's Fee and Expense Award, the Service Award to Named Plaintiff Marco Carrillo, and payment of the government's portion of PAGA penalties.

This Notice summarizes the proposed Settlement. You may access all of the documents filed with the Court in this case at the office of the Clerk of the Court for the Stanley Mosk Courthouse located at 111 North Hill Street, Los Angeles, CA 90012, between 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding Court holidays.

IV. WHAT ARE MY OPTIONS, HOW CAN I GET MY SETTLEMENT MONEY, AND WHAT DO I NEED TO DO?

You need to follow the directions applicable to the Settlement Class in order to receive a Settlement Payment.

- **Option 1** — Do nothing: If you do nothing and you are a Settlement Class Member, you will **automatically receive a payment** for your Percentage Share of the Settlement.

Your payment will be paid by check in two installments, spaced approximately one year apart. You are therefore advised to apprise the Settlement Administrator of any changes to your mailing address. Address changes may be provided to the Settlement Administrator by mail to Carrillo v. Los Angeles Partyworks, Inc., c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606 or by telephone by dialing 1-888-563-1945.

- **Option 2** — Request exclusion from the Class: If you are a Settlement Class Member and you wish to be excluded from the Settlement, you must submit an Exclusion Letter to the Settlement Administrator at the following address: Carrillo v. Los Angeles Partyworks, Inc., c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606 on or before September 27, 2018. Your Exclusion Letter must include your name, last four (4) digits of your social security number, and signature and the following statement or something similar to "I request to be excluded from the class action proceedings taking place in the matter of *Carrillo v. Los Angeles Partyworks, Inc.*, Case No. BC657864, Superior Court of California, County of Los Angeles." Exclusion Letters that do not include all required information, or that are not submitted timely, will be disregarded. If you submit an Exclusion Letter, you will not be bound by the Settlement and you will not receive any cash payment.
- **Option 3** — Object to the Settlement: If you are a Settlement Class Member and wish to object and tell the Court why you do not like the Settlement, you may submit a written objection or appear at the final approval hearing to raise your objection. If the Court approves the Settlement despite your objection, you will still be bound by the Settlement. If you submit a written objection, it should identify this case name and number, *Carrillo v. Los Angeles Partyworks, Inc.*, Case No. BC657864, Superior Court of California, County of Los Angeles; and be submitted to the Settlement Administrator at the following address: Carrillo v. Los Angeles Partyworks, Inc., c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606 on or before September 27, 2018. You cannot ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies approval, no settlement payments will be sent out, and the Lawsuit will continue. If you want, you may appear at the final approval hearing scheduled for 9:00 a.m. on November 8, 2018 in Courtroom 17 of the Superior Court of California, County of Los Angeles, Spring Street Courthouse located at 312 North Spring Street, Los Angeles, CA 90012, to have your objection heard by the Court. Any Claimant who does not object at or before the final approval hearing

will be deemed to have approved the Settlement and to have waived such objections and shall not be able to make any objections (by appeal or otherwise) to the Settlement.

V. HOW ARE THE INDIVIDUAL SETTLEMENT PAYMENTS CALCULATED?

Payments to the Claimants will be calculated on the basis of the number shifts they worked during the Class Period of April 24, 2013 to May 25, 2018 as reflected by LA Partywork's corporate and business records. The Individual Settlement Payments for the Claimants in the Class will be calculated by multiplying 100% of the Net Settlement Amount by each Claimant's Percentage Share. "Percentage Share" means each Claimant's Individual Shifts Worked, as defined in the Settlement, divided by the total amount of work shifts for the Claimants (the "Claimant Total Shifts"). For your shift information, estimated Individual Settlement Payment, and disputing instructions, please see the enclosed Class Form.

For tax purposes, the Individual Settlement Payments will be allocated as follows: one quarter (25%) to settlement of wage claims, which will be subject to required tax withholdings; three quarters (75%) for interest and penalties, which will be paid without withholding any amount. The portion allocated to wages shall be reported on an IRS Form W-2, and the portion allocated to interest and statutory penalties shall be reported on an IRS Form 1099. You should consult with your tax advisors concerning the tax consequences of the payments you receive under the Settlement. Claimants understand and agree that they will be responsible for the payment of taxes and penalties assessed on the payments described herein and will hold the Parties free and harmless from and against any claims resulting from treatment of such payments as non-taxable damages, including the treatment of such payment as not subject to withholding or deduction for payroll and employment taxes.

VI. WHAT AM I GIVING UP IN EXCHANGE FOR THE SETTLEMENT BENEFITS?

If approved by the Court, the Settlement will bar any Settlement Class Member who does not timely request exclusion from the Lawsuit (i.e., any Claimant) from bringing certain claims described below. The Settlement contains the following provisions regarding the release of claims by Claimants:

"Class Released Claims" means all causes of action that were alleged or that could have been alleged based on the facts contained in the operative Complaint (or First Amended Complaint) through preliminary approval of the Settlement, including causes of action for failure to pay regular, minimum, and overtime wages, willful misclassification of employees as independent contractors, failure to pay all wages earned at the time of separation (Labor Code section 203), failure to properly calculate overtime wages, failure to provide meal periods, failure to provide rest periods, unfair competition, and failure to furnish itemized wages statements in violation of Labor Code section 226, that arose or will arise from employment by LA Partyworks during the Class Period, and all damages, penalties, PAGA penalties, interest and other amounts recoverable under said causes of action under any state or federal statutory or common law.

Upon the Effective Date (defined in the Settlement, but essentially the date upon which final approval is confirmed), the Claimants will fully release the Class Released Claims and agree not to sue or otherwise make a claim against LA Partyworks for the Class Released Claims. The Individual Settlement Payments shall be paid to Claimants specifically in exchange for the release of the Released Parties from the Class Released Claims and the covenant not to sue concerning the Class Released Claims. Defendant will only get a release of all Fair Labor Standards Act claims for those Claimants that cash their settlement checks. By signing and cashing their settlement checks, Claimants indicate an affirmative opt-in to the release of claims under the Fair Labor Standards Act.

The release of claims provided by the Settlement includes Class Released Claims, which a Claimant does not know or suspect to exist in his or her favor against LA Partyworks as of the date of Preliminary Approval. Each Claimant, including the Named Plaintiff, waives all rights and benefits afforded by Section 1542 of the California Civil Code as to their Class Released Claims, and does so understanding the significance of that waiver. Civil Code Section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settlement is conditioned upon the Court entering an order at or following the Final Approval hearing approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class Members.

VII. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Final Approval hearing on the adequacy, reasonableness, and fairness of the Settlement will be held at 9:00 a.m. on November 8, 2018 in Courtroom 17 of the Superior Court of California, County of Los Angeles, Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, CA 90012. The hearing date may be changed without further notice. You are not required to attend the Final Approval hearing. Following the entry of final judgment by the Court, notice of the final judgment will be given to the Settlement Class by posting of the final judgment on the Settlement Administrator’s website at www.cptgroup.com/LAPartyworksSettlement.

VIII. WHO ARE THE ATTORNEYS REPRESENTING THE PLAINTIFF?

Plaintiff and the Settlement Class Members are represented in this Lawsuit by attorneys at the law firm of Schneider Wallace Cottrell Konecky Wotkyns LLP, whose contact information appears below.

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COTTRELL KONECKY
WOTKYNS LLP**
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IX. CAN LA PARTYWORKS RETALIATE AGAINST ME AS A RESULT OF WHAT I DO IN RESPONSE TO THIS NOTICE?

No. If you are a current employee of LA Partyworks, your decision as to whether or not to participate in this settlement will in no way affect your employment with LA Partyworks. It is illegal for LA Partyworks to take any adverse employment action against you as a result of your decision whether or not to participate in this settlement, and LA Partyworks has no intention of doing so.

IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS, you may contact the Settlement Administrator at the address and telephone number listed below, toll free.

Carillo v. Los Angeles Partyworks, Inc.
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
1-888-563-1945

ADDITIONAL INFORMATION

This Notice only summarizes the Action, the Settlement and related matters. For more information, you may inspect the Court files at the Clerk of the Court for the Stanley Mosk Courthouse located at 111 North Hill Street, Los Angeles, CA 90012, between 8:30 a.m. and 4:30 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT OR THE CLAIMS PROCESS.
