

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND HEARING DATE FOR COURT APPROVAL

Mercedes Castro v. Reseda Discount Corporation and RDC Collective Corp.
Superior Court of the State of California, Los Angeles County
Case No. 22STCV36812

*You are **not** being sued. This is **not** an advertisement. This notice affects your rights.*

YOU ARE ELIGIBLE TO RECEIVE A SETTLEMENT PAYMENT.

PLEASE READ THIS NOTICE CAREFULLY.

You have received this Notice of Class Action Settlement because Reseda Discount Corporation and RDC Collective Corp.'s records show you are what is called a "Class Member," and are entitled to a payment from this class action settlement ("Settlement"). **Class Members are all persons who worked at least one shift as a non-exempt employee in the State of California for Reseda Discount Corporation and/or RDC Collective Corp., under CA Department of Cannabis Control license # CDPH-10003587 or CDPH-T00000842, from November 21, 2018 to July 31, 2023 ("Class Period").**

On December 21, 2023, the Honorable Lawrence Riff of the Superior Court of California for the County of Los Angeles granted preliminary approval of this Class Action Settlement and ordered that all Class Members be notified of the Settlement.

Unless you choose not to participate in the Settlement (in other words, should you choose to "opt out") by following the procedures described below, you will be considered a "Participating Class Member." If the Court grants final approval of the Settlement, you will be mailed a check for your share of the Settlement fund, which is estimated to be <<\$estAmount>>.

IF YOU STILL WORK FOR RESEDA DISCOUNT CORPORATION AND/OR RDC COLLECTIVE CORP. PARTICIPATION IN THIS SETTLEMENT WILL NOT AFFECT OR DISRUPT YOUR WORK IN ANY MANNER. YOU WILL NOT BE RETALIATED AGAINST BY DEFENDANTS FOR YOUR PARTICIPATION. California law strictly prohibits retaliation. Defendants are prohibited by law from taking any adverse action against any Class Member or otherwise targeting, retaliating, or discriminating against any Class Member because of the Class Member's participation in or decision not to participate in this Settlement.

What Is This Case About?

Mercedes Castro is an employee of Defendant Reseda Discount Corporation. She is the "Plaintiff" in this case and is suing Reseda Discount Corporation and RDC Collective Corp. (collectively the "Defendants") on behalf of herself and all other Class Members. Plaintiff sued Defendants, alleging: (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide meal periods or premium pay in lieu thereof; (4) failure to reimburse necessary business expenses; (5) failure to provide and maintain complete and accurate records; (6) failure to timely pay wages during employment; (7) failure to timely pay wages after employment; (8) civil penalties under the Private Attorneys General Act ("PAGA"); and (9) violations of the Unfair Competition Law based on the foregoing alleged violations of law.

This notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations raised in the Action or the merits of the claims or defenses asserted. The Court has made no ruling on the merits of Plaintiff's claims or Defendants' defenses thereto. Defendants deny the merits of Plaintiff's claims, and deny Plaintiff's claims are appropriate for class treatment.

By entering into the Settlement, Defendants do not admit, and in fact, expressly deny, all of Plaintiff's allegations in this case. Specifically, Defendants assert that the Class Members were properly compensated at all times during the Class Period. Defendants further assert that Reseda Discount Corporation and RDC Collective Corp. has maintained lawful wage-and-hour policies, practices, and procedures throughout the entirety of the Class Period.

Questions? Contact the Settlement Administrator toll free at 1(888) 729-0980

Plaintiff and Defendants entered into settlement discussions in an attempt to resolve the disputed claims in this case. On June 8, 2023, the Parties negotiated a Settlement on behalf of themselves and the Class Members with the assistance of a third-party mediator. The Parties' agreement has been documented in a Joint Stipulation of Settlement and Release of Class Action ("Joint Stipulation"). The Court has preliminarily approved the Joint Stipulation. The Court will decide whether to give final approval to the Settlement at the Final Fairness and Approval Hearing. The Final Fairness and Approval Hearing ("Hearing") on the adequacy, reasonableness, and fairness of the Settlement will be held at 10:00 a.m. on April 29, 2024, in Department 7 of the Superior Court of California for the County of Los Angeles, 312 North Spring Street, Los Angeles, CA 90012. You may, but are not required to, attend the Hearing.

Attorneys for Plaintiff and the Class Members ("Class Counsel") are:

Elliot J. Siegel
Julian Burns King
KING & SIEGEL LLP
(213) 465-4802
724 S. Spring Street, Ste. 201
Los Angeles, California 90014

Class Counsel has investigated and researched the facts and circumstances underlying the issues raised in this case and the applicable law. While Class Counsel believes Plaintiff's claims in this lawsuit have merit, Class Counsel also recognizes that the risk and expense of continued litigation justify settlement. Because of this, Class Counsel believes the proposed Settlement is fair, adequate, reasonable, and in the best interests of the Class Members.

Summary of the Settlement Terms

Plaintiff and Defendants have agreed to settle this case on behalf of themselves and the Class Members for **\$140,000.00** ("Maximum Settlement Amount").

The Maximum Settlement Amount includes: (1) Individual Settlement Payments to Participating Class Members; (2) subject to Court approval, up to a \$12,000 service payment to the Plaintiff for her time and effort in pursuing this case and in exchange for a general release of claims against Defendants; (3) Settlement Administration Costs not to exceed \$15,000.00; (4) \$11,250 to the California Labor & Workforce Development Agency, representing the State of California's portion of civil penalties under PAGA (or 75% of \$15,000); and (5) subject to Court approval of an application for fees and costs, an award of up to \$46,666.67 in attorneys' fees and up to \$15,000 in litigation costs and expenses to Class Counsel. After deducting the service payments to Plaintiff, the Settlement Administration Costs, the payment of \$11,250,000 to settle the PAGA claims with the California Labor and Workforce Development Agency (75% of the \$15,000 PAGA settlement amount), and attorneys' fees and costs/expenses, a total of approximately **\$36,333.33** will be available to Class Members who do not opt out of the Settlement ("Net Settlement Amount"). Employer-side payroll taxes will be paid by Defendants outside of the Maximum Settlement Amount.

Plan of Distribution to Class Members

Individual Settlement Payments will be calculated and apportioned from the Net Settlement Amount based on the number of weeks a Participating Class Member worked during the Class Period ("Workweeks"). Specific calculations of Individual Settlement Payments will be made as follows:

- a. The Settlement Administrator will calculate the number of Workweeks per Participating Class Member during the Class Period based on records in Defendants' possession, custody or control.¹ Workweeks will be determined based on such data as is electronically available in Defendants' existing timekeeping and payroll data.

¹ Defendants' Workweek data will be presumed to be correct, unless a particular Class Member proves otherwise to the Settlement Administrator by credible written evidence. All Workweek disputes will be resolved and decided by the Settlement Administrator in consultation with Class Counsel and counsel for Defendants. The Settlement Administrator's decision on all Workweek disputes will be final and non-appealable.

- b. Using the Class Data, the Settlement Administrator will calculate the total Workweeks for all Settlement Class Members by adding the number of Workweeks worked by each Settlement Class Member during the Class Period. The respective Workweeks for each Settlement Class Member will be divided by the total Workweeks for all Settlement Class Members, resulting in the Payment Ratio for each Settlement Class Member.
- c. Each Settlement Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Settlement Class Member's estimated Individual Settlement Payments.
- d. Using the Class Data, the Settlement Administrator will use the total number of Workweeks from November 21, 2021 through July 31, 2023 ("PAGA Release Period"), as the "PAGA Pay Periods." Using the Class Data, the Settlement Administrator will also use the total number of Workweeks for each Settlement Class Member during the PAGA Release Period as each individual's PAGA Pay Periods. The Settlement Administrator will divide each Aggrieved Employee's PAGA Pay Periods by the aggregate number of PAGA Pay Periods of all Aggrieved Employees during the PAGA Release Period to determine each Aggrieved Employee's pro rata portion of the portion of the PAGA payment allocated to Aggrieved Employees. A Class Member's pay periods shall be calculated to the nearest hundredth of a full pay period.
- e. According to Defendants' records, you worked <<Workweeks>> Workweeks during the Class Period. Accordingly, your estimated payment pursuant to the terms of the Settlement is approximately <<\$estAmount>>.

If you believe the information provided above as to the number of your Individual Workweeks is incorrect and you wish to dispute it, please submit the Challenge Form attached to your Share Form to the Settlement Administrator at *Castro v. Reseda Discount Corporation*, c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606 no later than 30 days after the date this Notice of Class Action Settlement was mailed to you. The workweek count provided above is assumed to be correct unless you provide documentation to the Settlement Administrator that establishes otherwise. Any disputes, along with supporting documentation ("Disputes"), must be postmarked no later than **February 15, 2024. DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

Class Members' Taxes Owed on Settlement Payments

IRS Forms W-2 and 1099-MISC will be distributed to participating Class Members and the appropriate taxing authorities reflecting the payments Class Members receive under the Settlement. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement. For purposes of this Settlement, 33% of each Individual Settlement Payment will be allocated to resolve the disputed amount of allegedly unpaid wages, 33% will be allocated to allegedly unpaid civil penalties, and 34% will be allocated to interest. Again, please consult with a tax advisor regarding the significance of how each Individual Settlement Payment is allocated between wages, penalties, and interest. This notice is not intended to provide legal or tax advice. To the extent this notice or any of its attachments is interpreted to contain or constitute advice regarding any United States or Federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code.

Your Options Under the Settlement

Option 1 – Automatically Receive a Payment from the Settlement

If you want to receive your payment from the Settlement, then **no further action is required** on your part. You will **automatically** receive your Individual Settlement Payment from the Settlement Administrator if and when the Settlement receives final approval by the Court.

If you choose **Option 1** and the Court grants final approval of the Settlement, you will be mailed a check for your share of the Settlement funds. In addition, you will be deemed to have released or waived the following claims ("Released Claims") against the Released Parties for the Release Period.

Questions? Contact the Settlement Administrator toll free at 1(888) 729-0980

The “Released Claims” include:

All claims and causes of action alleged in the operative complaint or that reasonably could have been alleged based on the factual allegations and legal theories contained in the operative complaint and/or LWDA letter(s). This includes, but is not limited to, all of the following claims for relief: (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide meal periods or premium pay in lieu thereof; (4) failure to reimburse necessary business expenses; (5) failure to provide and maintain complete and accurate records; (6) failure to timely pay wages during employment; (7) failure to timely pay wages after employment; (8) violations of the Unfair Competition Law based on the Labor Code claims released by this Settlement; (9) civil penalties under the Private Attorneys General Act (“PAGA”) based on the claims and legal theories released by this Settlement; and (10) any other claims, penalties or requests for interest alleged in or arising out of the claims alleged in the First Amended Complaint.

The “Released Parties” are:

Defendants Reseda Discount Corporation and RDC Collective Corp. and their parents, subsidiaries, affiliates, shareholders, members, predecessors, successors, officers, directors, insurers, related entities and divisions, attorneys, and employees.

The Release Period means the period from November 21, 2018 to July 31, 2023.

Option 2 – Opt Out of the Settlement

If you do not wish to participate in the Settlement, you may exclude yourself from participating by submitting a written “Request for Exclusion from The Class Action Settlement” letter or card to the Settlement Administrator postmarked no later than February 15, 2024. Your written request must expressly and clearly state:

“I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE *MERCEDES CASTRO V. RESEDA DISCOUNT CORPORATION, ET AL.* LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE CLASS SETTLEMENT OF THIS LAWSUIT.”

The written request for exclusion must include your name, address, telephone number, and last four digits of your Social Security number (or other Taxpayer Identification Number, if applicable). You must sign, date, and mail your written request for exclusion by U.S. First-Class Mail or equivalent, to the address below.

Castro v. Reseda Discount Corporation
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
Fax: (949) 419-3446

The written request to be excluded from the Settlement must be postmarked to the Settlement Administrator not later than February 15, 2024. If you submit a request for exclusion which is not postmarked by February 15, 2024, your request for exclusion will be rejected, and you will be included in the Settlement Class.

If you choose **Option 2**, you will **no longer** be a Class Member. Therefore, you (1) will **not** receive any payment from the Settlement, with the exception of your pro-rata portion of the employee portion of the settlement of the PAGA cause of action to which allegedly Aggrieved Employees are entitled; (2) will **not** be deemed to have released any claims due to this Settlement with the exception of the PAGA cause of action; and (3) will be **barred** from filing an objection to the Settlement. **Do not submit both a Dispute and a Request for Exclusion.** If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

Option 3 – File an Objection to the Settlement

If you wish to object to the Settlement, you can mail a written objection to the Settlement Administrator. Your objection should provide: your full name, signature, address, and telephone number, the last four digits of your Social Security number (or other Taxpayer Identification Number, if applicable), the dates you were employed as a non-exempt employee of Reseda Discount Corporation and/or RDC Collective Corp. in California, and your objections to the Settlement, including the reasons you object and any legal support for each objection, together with any evidence in support of your objection. Your objection should be mailed to the Settlement Administrator at the address below, and must be postmarked on or before February 15, 2024.

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Irvine, CA 92606
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Tel.: 1(888) 729-0980

You may also appear at the Final Fairness and Approval Hearing set for April 29, 2024 at 10:00 a.m. in Department 7 of the Superior Court of California for the County of Los Angeles, located at 312 North Spring Street, Los Angeles, CA 90012, to discuss your objections with the Court and the Parties. All costs associated with your travel and/or appearance at the Hearing must be paid at your own expense. You may appear at the Hearing regardless of whether you submitted a written objection. You may also retain an attorney to represent you at the Hearing at your own expense. All objections or other correspondence must state the name and number of the case, which is *Mercedes Castro v. Reseda Discount Corporation, et al.* Los Angeles County Case Number No. 22STCV36812.

If you choose **Option 3**, you will still be entitled to the money from the Settlement. You will remain a member of the Settlement Class, and if the Court overrules your objections and approves the Settlement, you will receive your Individual Settlement Payment and will be bound by the terms of the Settlement in the same way as Class Members who do not object, including being deemed to have released the Released Claims. You cannot both object to the settlement and exclude yourself. You must choose one option only.

Additional Information

This Notice of Class Action Settlement is only a summary of this case and the Settlement. For a more detailed statement of the matters involved in this case and the Settlement, you may refer to the pleadings, the Joint Stipulation of Settlement, and other papers filed in this case, which may be inspected at the Office of the Clerk of the Superior Court of California for the County of Los Angeles, during regular business hours of each court day.

All questions by Class Members regarding this Notice of Class Action Settlement and/or the Settlement should be directed to the Settlement Administrator or Class Counsel.

You can view a copy of the Preliminary Approval Order and this Notice at www.cptgroupcaseinfo.com/RDCSettlement. If the Court gives final approval after the Final Fairness and Approval Hearing, a copy of that order will be posted on the website within 10 days of entry of final approval.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, DEFENDANTS, OR DEFENDANTS' ATTORNEYS WITH QUESTIONS. INSTEAD, YOU MAY CONTACT THE SETTLEMENT ADMINISTRATOR OR CLASS COUNSEL, WHOSE CONTACT INFORMATION IS PROVIDED BELOW:

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