

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ALAMEDA**

*Kamada McDaniel v. Royal Cup, Inc., Alameda County Superior Court Case No.
RG19001661*

NOTICE OF CLASS AND PAGA ACTION SETTLEMENT

To: ALL CURRENT AND FORMER CALIFORNIA-BASED SALARIED OR EXEMPT TERRITORY MANAGERS AND/OR SIMILARLY SITUATED POSITIONS THAT WORKED FOR ROYAL CUP, INC. IN THE STATE OF CALIFORNIA FROM JANUARY 7, 2015 THROUGH JANUARY 28, 2020.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED.

YOU MAY BE ENTITLED TO RECEIVE MONEY FROM THIS PROPOSED SETTLEMENT.

This Notice is Court Approved. This is not a solicitation from an attorney.

PLEASE VERIFY YOUR NAME AND ADDRESS:

CPT ID: <<ID>>
<<Name>>
<<Address1>> <<Address2>>
<<City>> <<State>> <<Zip>>

Name/Address Corrections (if any):

**Your Anticipated Settlement Payment is:
<<EstAmount>>**

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS**WHY DID I GET THIS NOTICE?**

You have received this Notice because we believe that you are a class member who may be entitled to money from this settlement.

This Notice describes a proposed settlement of the lawsuit: *McDaniel v. Royal Cup, Inc.*, pending in Alameda County Superior Court, Case No. RG19001661 (the “Action” and/or the “Lawsuit”). A complaint was filed on January 7, 2019. This Notice is being sent to you by the order of the Superior Court of the State of California for the County of Alameda, which preliminarily approved the settlement and conditionally certified the class on January 28, 2020. This Notice informs you of the terms of the proposed settlement, describes your rights in connection with the settlement, and explains what steps you may take to object to, or exclude yourself from, the settlement. **If you do not exclude yourself from the settlement and the settlement is finally approved by the Court, you will receive a settlement payment and be bound by the terms of the settlement and any final judgment.**

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT

DO NOTHING AND REMAIN IN THE CLASS	Obtain Settlement benefits and give up your rights to ever sue the Defendant about any of the claims in this case.
EXCLUDE YOURSELF FROM THE SETTLEMENT	Opt out of the class by April 13, 2020 and get no benefits from the Settlement, and keep your rights to be part of any other lawsuit against the Defendant about any of the claims in this case.
OBJECT	Write to the Settlement Administrator by April 13, 2020 about why you do not like the Settlement or any of its terms. If you want to object, you will remain in the class and may still receive a settlement payment.
<u>IF YOU ARE A CURRENT EMPLOYEE OF DEFENDANT, STATE AND FEDERAL LAW PROHIBIT RETALIATION AND DISCRIMINATION AGAINST YOU REGARDLESS OF WHICH OF THE ABOVE OPTIONS YOU PURSUE.</u>	

WHAT IS THIS LAWSUIT ABOUT?

The lawsuit was filed by Plaintiff Kamada McDaniel (“Plaintiff”) on behalf of salaried or exempt Territory Managers and/or similar position who worked for Royal Cup, Inc. (“Royal Cup”) during the Class Period in California.

The Action pleaded class allegations against Royal Cup for: (1) failure to pay minimum wage and overtime wages; (2) failure to provide meal periods; (3) failure to provide rest periods; (4) failure to issue wage statements in compliance with Labor Code § 226; (5) violation of California Labor Code § 2698 et seq. for civil penalties under the Private Attorneys General Act of 2004; and (6) violation of California Business & Professions Code § 17200 et seq. based on the alleged failures set forth in (1) through (4). Royal Cup denies each and all of the claims and contentions alleged by the Plaintiff. The Court has not made any rulings regarding the merits of the cases. Royal Cup has denied and continues to deny

generally each and all of the claims and contentions alleged in the Lawsuit. Royal Cup has expressly denied and continues to deny all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged in the Lawsuit. Royal Cup maintains that it has complied in good faith with California wage and hour law and dealt fairly and legally with Plaintiff and the aggrieved employees. Nonetheless, the Royal Cup has concluded that further proceedings and litigation would be protracted and expensive, and that, with no admission of liability, has agreed to fully and finally settle the Action in order to dispose of burdensome and protracted litigation.

After engaging in extensive investigation and a full day of mediation before an experienced mediator, in which both sides recognized the substantial risks of an adverse result in the Lawsuit for either side, Plaintiff and Defendant agreed on a class settlement that was preliminarily approved by the Court on January 28, 2020. Plaintiff and Class Counsel support the settlement.

The class settlement represents a compromise and settlement of highly disputed claims. Nothing in the settlement is intended or will be construed as an admission by Defendant that Plaintiff's claims in the Action have merit or that it has any liability to Plaintiff or the Class on those claims.

The parties and their counsel have concluded that the settlement is advantageous, considering the risks and uncertainties to each side of continued litigation.

WHAT IS A CLASS ACTION?

In a class action lawsuit, one or more persons sue on behalf of other people who have similar claims. Kamada McDaniel is the Class Representative or Named Plaintiff in the Action, and he asserts claims on behalf of himself and the class. Royal Cup, Inc. is the Defendant. A class action allows the Court to resolve the claims of all the class members at the same time. A class member is bound by the determination or judgment entered in the case, whether the class wins or loses, and may not file his or her own lawsuit on the same claims that were decided in the class action. A class action allows one court to resolve all of the issues in a lawsuit for all the class members who choose not to exclude themselves from the class.

WHO IS INCLUDED IN THE SETTLEMENT CLASS?

All current and former California-based salaried or exempt Territory Managers and/or similarly situated positions that worked for Defendant in the State of California at any time during January 7, 2015 to January 28, 2020.

The Class or Participating Class Member shall not include any person who submits a timely and valid request for exclusion.

WHAT ARE THE TERMS OF THE CLASS SETTLEMENT?

In exchange for the release of claims against it and final disposition of the Action, Defendant will pay Five Hundred Fifty Thousand Dollars (\$550,000) ("Class Settlement Amount"). After attorneys' fees and costs, enhancement payment to the Named Plaintiff, a payment to the California Labor and Workforce Development Agency, and settlement administration costs are deducted from the Class Settlement Amount, the remaining "Net Settlement Amount" will be distributed to Participating Class Members. Subject to Court approval, the Class Settlement Amount will be allocated as follows:

- **Individual Settlement Payment:** All Participating Class Members are eligible to receive money from the Net Settlement Amount. Each estimated payment is the pro rata allocation of the Net Settlement Amount based on the Members' total Workweeks¹ worked during the Class Period.² Your estimated payment is on the first page of this Notice, but the actual amount may vary somewhat based on the actual implementation of the settlement.
- **Class Representatives Enhancement Payment:** Named Plaintiff will request from the Court an award of \$10,000 in recognition of his efforts and risks in assisting with the prosecution of the Action. Any amount ordered by the Court will be paid from the Class Settlement Amount.
- **Class Counsel Award:** Class Counsel will request from the Court not more than thirty-five percent (35%) of the Class Settlement Amount (\$192,500 of \$500,000) as attorneys' fees for litigation and resolution of the Action, as supported by declaration(s). Class Counsel will also request from the Court reimbursement for the advanced litigation costs, which are estimated to be no more than \$20,000. Any amount ordered by the Court will be paid from the Class Settlement Amount.
- **PAGA Payment:** \$20,000 from the Class Settlement Amount is allocated for payment under the Private Attorneys General Act of 2004. Upon Court approval, 75% of the allocation (\$15,000) will be paid to the California Labor and Workforce Development Agency, and 25% (\$5,000) of the allocation will be distributed as part of the Net Settlement Amount. Any amount ordered by the Court will be paid from the Class Settlement Amount.
- **Settlement Administration:** The cost of settlement administration is approximately \$5,500, which pays for tasks such as mailing and tracking this Notice, mailing checks and tax forms, and reporting to the parties and the Court. Any amount ordered by the Court will be paid from the Class Settlement Amount.
- Any checks issued to Participating Class Members shall remain valid and negotiable for one hundred and eighty (180) days from the date of their issuance. After that time, any such unclaimed checks will be tendered to Children's Advocacy Centers of California, a 501(c)(3) charity, in accord with the procedures set forth in section 384 of the California Code of Civil Procedure.

¹ "Workweeks" or "Weeks Worked" means the number of days of employment for each Class Member during the applicable Class Period, subtracting days on leave of absence (if any), dividing by seven (7), and rounding up to the nearest whole number. All Class Members will be credited with at least one Workweek.

² Participating Class Member will receive a share of the Net Settlement Amount with the numerator being the Participating Class Members total number of Workweeks earned during the Class Period as a Class Member and the denominator being all Participating Class Members' total Workweeks worked during the Class Period. The resulting fraction will be multiplied by the Net Settlement Amount to determine the Participating Class Member's individual settlement payment.

If you do not exclude yourself you will give up your Released Claims

The Released Claims means any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, penalties (including PAGA penalties under California's Private Attorney General Act, Labor Code Section 2698 et seq. (the "PAGA")), and damages arising from the claims pled in the Action, specifically claims arising from allegations of misclassification of employees as exempt employees, including expressly the following claims pled in the Action: (i) unpaid overtime or failure to pay minimum wage under Labor Code section 510, 1194, and 1198; (ii) failure to provide meal periods under Labor Code sections 226.7 and 512; (iii) failure to provide rest periods under Labor Code sections 226.7; (iv) claims for the above alleged violations under California Business & Professions Code section 17200 et seq.; (x) associated civil penalties under Labor Code section 2699 et seq. ("PAGA") as well as any and all wage and hour claims that were asserted or could have been asserted based on the factual or legal allegations contained in the Action, arising at any time during the Class Period, including but not limited to additional claims under the Labor Code sections 201, 202, 203, 204, 226(a), 226.3, 558, and 1174(d).

The release will extend to and cover Royal Cup, Inc. as well as any of its past, present, and future parents, affiliates, subsidiaries, franchisees, divisions, joint ventures predecessors, successors, and assigns, and each of its respective and former officers, directors, board members, trustees, shareholders, members, employees, agents, attorneys, auditors, accountants, advisors, benefits administrators or third-party administrators, consultants, pension and welfare benefit plans, plan fiduciaries, administrators, trustees, experts, contractors, stockholders, representatives, partners, agents insurers, reinsurers, and other persons acting on its behalf.

<h3>WHAT DO I NEED TO DO TO RECEIVE A SETTLEMENT PAYMENT?</h3>

You do not need to do anything to receive a payment from the Net Settlement Amount.

Royal Cup's records show that you were employed from <<qHdate>> to <<qTdate>> and worked a total of <<Workweeks>> Workweeks as a Class Member. Your anticipated settlement share as stated on page 1 of this document is calculated using that Workweek information.

If you dispute the information about the amount of Workweeks that Royal Cup's records show you worked during the Class Period, you must advise the Settlement Administrator to substantiate your dispute.

To dispute the amount of Workweeks you must send in the mail any records (e.g. paystubs, pay checks or other records) supporting your dates of employment with a letter explaining the dispute and be sure to include the last four digits of your social security number by April 13, 2020. The date of the post-mark will determine if it was timely mailed.

Your anticipated settlement share will be mailed within twenty-one (21) days of the date the Settlement becomes final. ***If your address changes before you receive your payment, please contact the Settlement Administrator to update your address.***

33.3% of the settlement share will be characterized as wages and therefore taxes will be withheld prior to payment. IRS Form W-2 will be issued for this 33.3% allocation. Royal Cup will pay the employer's share of the payroll taxes on this 33.3%. 66.7% of the settlement share will be characterized as penalties

and interests. There will be no withholding from this portion. IRS Form 1099-MISC will issue for this two-thirds allocation.

The Settlement Administrator is:

McDaniel v. Royal Cup, Inc.
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606

WHAT IF I DON'T WANT TO PARTICIPATE IN THIS SETTLEMENT?

You have the right to request exclusion from the settlement. To do so, you must submit a written opt-out request to the Settlement Administrator at the following address:

McDaniel v. Royal Cup, Inc.
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606

To be valid, a written request for exclusion must: (1) state your name, address, telephone number, and last four digits of your social security number; (2) be signed by you; (3) be mailed first-class postage pre-paid by April 13, 2020, to the Settlement Administrator at the above address; and (4) clearly state that you do not wish to be included in the Settlement. The date of the post-mark will determine if it was timely mailed. Unless you timely request to be excluded from the settlement, you will be bound by the judgment upon final approval of the settlement and payment of the Class Settlement Amount, including the Release described in this Notice.

If you timely request to be excluded from the settlement, you will not be entitled to receive any payment under the settlement. Class Counsel will not represent your interests if you request to be excluded.

WHAT IF I WANT TO OBJECT TO THIS SETTLEMENT?

Any Class Member who has **not** asked to be excluded from the settlement may object to the settlement and may appear at the hearing where the Court will make a final decision whether or not to approve the settlement (the "Final Approval Hearing"). The Final Approval Hearing is scheduled to take place on June 2, 2020 at 3:00 p.m. in Department 23 of the Superior Court of the State of California for the County of Alameda, located at 1221 Oak Street, Oakland, CA 94612.

To be valid, the written objection must be served on the Settlement Administrator, by April 13, 2020. The written objection must state: (1) your full name, address and telephone number; (2) a written statement of all grounds for the objection accompanied by any legal support for the objection; (3) a statement as to whether you intend to appear at the final approval hearing; (4) last four digits of your social security number; and (5) the signature of you or your counsel.

You have the right to hire your own attorney, at your own expense, to submit an objection or to appear on your behalf at the Final Approval Hearing. You may, but are not required to appear at the hearing to have your objection considered.

Filing an objection will *not* exclude you from the Settlement Class. You will still have the right to receive an individual settlement payment, unless you have requested to be excluded.

WHAT HAPPENS IF I DO NOT EXCLUDE MYSELF FROM THIS SETTLEMENT?

The settlement, if finally approved by the Court and conditioned upon full payment of the Class Settlement Amount will bind all Class Members who do not request to be excluded from the settlement whether or not they receive or timely cash their Individual Settlement Payment. Final approval of the settlement will bar any Class Member who does not request to be excluded from the settlement from hereafter initiating a lawsuit or proceeding regarding the Released Claims. The Settlement Agreement contains additional details about the scope of the release.

DO I HAVE A LAWYER IN THIS CASE?

The Court has ordered that, for purposes of this Settlement, the interests of Plaintiff and the Class Members are represented by:

Douglas Han Shunt Tatavos-Gharajeh Daniel J. Park Justice Law Corporation 751 N. Fair Oaks Ave., Suite 101 Pasadena, California 91103 Telephone: (818) 230-7502 info@justicelawcorp.com	
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(collectively, “Class Counsel”). If you want to be represented by your own lawyer, you may hire one at your own expense.

WHAT IF MY INFORMATION CHANGES?

If, after you receive this notice, you change your postal address or telephone number, it is your responsibility to inform the Settlement Administrator of your updated information.

FURTHER INFORMATION

The foregoing is only a summary of the settlement. To see a copy of the Settlement Agreement (which defines the capitalized terms used in this Notice and provides a brief summary of what has happened in the Action), the Court’s Preliminary Approval Order, Class Counsel’s application for attorneys’ fees and costs, the operative Complaint filed in the Action, and other filed documents related to the Action and this Settlement, you may view all such files in the following ways: 1) Online at the Settlement Administrators Website www.cptgroup.com/RoyalCupSettlement 2) Online on the Alameda County Superior Court’s website, known as ‘DomainWeb’ at <https://publicrecords.alameda.courts.ca.gov/PRS/> After arriving at the website, click the ‘Search By Case Number’ link, then enter RG19001661 and click

'SEARCH.' Images of every document filed in the case may be viewed through the "register of Actions" at a minimal charge. 3) You may also view images of every document filed in the case free of charge by using one of the computer terminal kiosks available at each court location that has a facility for civil filings. Rene C. Davison Courthouse located at 1225 Fallon St., Oakland CA 94612 and Hayward Hall of Justice located at 24405 Amador St., Hayward CA 94544 has these kiosks available.

IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS, you may contact the Settlement Administrator at 1(888) 910-0466 or the Class Counsel listed above. Please refer to the Royal Cup, Inc. Class Action Settlement.

PLEASE DO NOT TELEPHONE OR CONTACT THE COURT OR DEFENDANT'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT.