

*Chavez, et al. v. Stellar Management Group VII, LLC, et al.,
Case No. 3:19-cv-01353-JCS (N.D. Cal.)*

NOTICE OF COLLECTIVE ACTION SETTLEMENT
PLEASE READ THIS NOTICE CAREFULLY.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

You have been sent this Notice because there is a proposed settlement (the “Settlement”) of a collective action lawsuit that Plaintiffs David Chavez and Victor Slaughter (“Plaintiffs”) filed against Stellar Management Group VII, LLC; Stellar Management Group, Inc. d/b/a QSI Quality Service Integrity; and The Vincit Company, LLC d/b/a The Vincit Group and Vincit Enterprises (collectively, “Defendants”). You are receiving this Notice either because you previously completed an Opt-In Consent Form to join this case or because Defendants’ records show that you were employed by Defendants as a non-exempt employee in the United States at some time between March 13, 2016 through and including December 31, 2020 and that you did not work exclusively at Defendants’ corporate offices or as administrative or office clerks. The purpose of this Notice is to inform you of the pending Settlement and your rights under it.

Please understand that this is not a notice of a lawsuit against you. You have not been sued. You are not required to appear in Court in response to this Notice. Please review this Notice and consider your options carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
CASH THE CHECK YOU WILL RECEIVE IF THE SETTLEMENT IS APPROVED, WHICH WILL CONTAIN YOUR PORTION OF THE SETTLEMENT	If you cash the check you will be sent in the mail in this matter in several months, you will be “opting-in” to the Settlement, and the Settlement and the release of claims described below will apply to you. (Please note that the check is not enclosed with this Notice—it will be sent later if the Court finally approves the Settlement.)
DO NOT CASH THE CHECK YOU WILL RECEIVE	If you do not cash the check, you will be choosing not to be part of the Settlement, and the release of claims will not apply to you

1. Why Should You Read This Notice?

This Notice explains your right to share in the monetary proceeds of this Settlement by “opting-in” to the Settlement and the procedure to opt-in. **If you do not “opt-in” to the Settlement by cashing the check you will receive if the Settlement is finally approved, you will not receive a Settlement Award and will not be bound by the Settlement Agreement.**

The United States District Court for the Northern District of California has preliminarily approved the Settlement as fair and reasonable. The Court will hold a Final Approval Hearing on March 18, 2022 at 9:30 AM, before the Honorable Chief Magistrate District Judge Joseph C. Spero remotely via the online platform Zoom, <https://cand-uscourts.zoomgov.com/j/1619260804?pwd=RE5qWDhGOTdWWTZUOFIOKzhNc3pjZz09>, Webinar ID: 161 926 0804, Password: 050855, Dial in: US: +1 (669) 254-5252 or +1 (646) 828-7666, International numbers: <https://cand-uscourts.zoomgov.com/u/advFLxrTkx>.

2. What Is This Case About?

This Lawsuit alleges that individuals whom Defendants employed as non-exempt employees throughout the United States, between March 13, 2016 through and including December 31, 2020 and that did not work exclusively at Defendants’ corporate offices or as administrative or office clerks were not compensated for all hours worked, were not properly paid minimum, straight time, or overtime wages. This Lawsuit seeks recovery of unpaid wages, statutory damages, civil penalties interest, attorneys’ fees and costs. The claims in this Lawsuit are brought under federal law.

Defendants contend that they have strong legal and factual defenses to these claims, but they recognize the risks, distractions, and costs associated with litigation. Defendants contend that the wage and hour policies and practices at issue are lawful and have been lawful throughout the relevant time period. Defendants also contend that Plaintiffs’ claims do not meet the requirements for a collective action.

This Settlement is the result of good faith, arm’s length negotiations between Plaintiff and Defendants, through their respective attorneys. Both sides agree that in light of the risks and expenses associated with continued litigation, this Settlement is fair and appropriate under the circumstances, and in the best interests of the Collective Members. This Settlement is a compromise and is not an admission of liability on the part of Defendants.

The Court has not ruled on the merits of Plaintiffs’ claims or Defendants’ defenses.

The Settlement Administrator has created a Settlement website, which can be accessed at www.QSISettlement.com. The Settlement website allows interested persons to view the Settlement Agreement, all papers filed by Class Counsel to obtain Court approval of the Settlement Agreement, and this Notice of Settlement (in generic form). The Settlement website also provides contact information for Class Counsel and the Settlement Administrator.

3. How Will The Settlement Payment Be Distributed?

The total settlement amount is \$4,250,000, which Defendants will pay into a Settlement Fund. This amount will mostly be distributed to the current and former employees who meet the definitions for participating in the Settlement (which includes individuals like you who work or worked for Defendants outside California and individuals who work or worked for Defendants in California). The settlement amount will also be used to pay for attorneys' fees and costs awarded by the Court, any enhancement payments to Plaintiffs that are awarded by the Court, the Settlement Administrator's Costs, and a payment to the California Labor and Workforce Development Agency (LWDA) that is required by the Labor Code Private Attorneys General Act of 2004 (PAGA), as well as employers' share of any payroll taxes to be paid in connection with the Settlement (e.g., FICA, FUTA, payroll taxes, or any similar taxes or charges).

The attorneys for Plaintiffs and the Settlement Class (referred to as "Class Counsel") will ask the Court to award them 1/3 of the settlement amount, which is \$1,416,666.52, to compensate them for their services in this matter. Class Counsel will also request reimbursement for their costs spent in litigating this case, not to exceed \$50,000. Class Counsel will file a motion with the Court setting forth the bases for their requested costs and fees.

Plaintiffs David Chavez and Vincent Slaughter will ask the Court to award them \$12,000 and \$10,000, respectively, for their role as the named plaintiffs prosecuting this Lawsuit on the behalf of all Class Members. This payment would also come from the Settlement Fund.

The Settlement Administrator's costs are capped at \$85,000, and this payment will also come from the Settlement Fund.

The payment to the LWDA and Aggrieved Employees in connection with the PAGA component of the Settlement will be \$30,000, and this payment will also come from the Settlement Fund.

The remainder of the Settlement Fund after subtracting the amounts described above is the Net Settlement Amount that will be distributed to Participating Individuals.

4. How Much Can I Expect To Receive?

According to records maintained by Defendants, your total estimated settlement payment will be at least \$<< Total Estimated Award>>. This amount is an estimated amount, and your final settlement payment is expected to differ from this amount (i.e., it could be higher or lower) and will be calculated as set forth below. All Settlement Award determinations will be based on Defendants' timekeeping, payroll, and/or other records for Settlement Class Members. Based on Defendants' records, you are estimated to have worked << CollectiveWorkweeks>> workweeks for at least one of the Defendants during the relevant period in the United States. **To receive payment under the Settlement as a Collective Member, you MUST cash the settlement check you that will be sent to you in several months.**

You will have 180 days from issuance of the check to cash it. If you do not cash your check within 60 days of issuance of the check, your original check will be cancelled, the Settlement Administrator will attempt to obtain an updated address for you, and you will promptly be issued a second check to your updated or last known address. You will be able to cash that

second check within 180 days from issuance of the original check (i.e., if your second check is issued 60 days after your original check is issued, you will have 120 days from issuance to cash your second check).

If you dispute the number of workweeks as shown on this Notice of Settlement, you may produce evidence to the Settlement Administrator establishing the dates you contend to have worked for Defendants. To do so, send a letter to the Settlement Administrator explaining the basis for your dispute and attach copies of the supporting evidence. Unless you present convincing evidence proving you worked more workweeks than shown by Defendants' records, your Settlement Award will be determined based on Defendants' records. Any disputes must be postmarked by December 23, 2021 and should be mailed to Chavez v. Stellar Management, c/o Kroll Settlement Administration, PO Box 225391, New York, NY 10150-5391. The Settlement Administrator will notify you of the decision on the dispute.

Payments to participating Collective Members will be calculated on the number of eligible workweeks. Each participating Collective Member will be eligible to receive a *pro rata* share of the Net Settlement Amount based on the total number of eligible workweeks that the individual worked for Defendants from March 13, 2016, through and including December 31, 2020. Participating Individuals will receive a *pro rata* share of the Net Settlement Amount as follows:

1. For each week during which the Participating Individual was employed by at least one of the Defendants at any time from March 13, 2015 (for Rule 23 Settlement Class Members), and for each week during which a Collective Member was employed as a non-exempt employee by at least one of the Defendants at any time from March 13, 2016 (for Collective Members who timely Opt-In to this Action), through and including December 31, 2020, he or she shall be eligible to receive a *pro rata* portion of the Net Settlement Amount based on the number of workweeks the Participating Individual was employed. Each workweek will be equal to one (1) settlement share. To reflect the increased value of state law claims, workweeks during a Participating Individual was employed in California will be equal to three (3) settlement shares. To reflect the value of additional claims former California-based employees have standing to bring under the California Labor Code, Participating Class Members whose employment with any of Defendants terminated at any point from March 13, 2016 through and including December 31, 2020, will each receive an additional nineteen (19) settlement shares.
2. The total number of settlement shares for all Participating Individuals will be added together and the resulting sum will be divided into the Net Settlement Amount to reach a per share dollar figure. That figure will then be multiplied by each Participating Individual's number of settlement shares to determine the Participating Individual's share of the Net Settlement Amount.

When calculating the individual Settlement Awards for purposes of these Notices of Settlement, the Settlement Administrator has assumed that no Rule 23 Settlement Class Members opt-out and all Collective Members opt-in. When calculating the individual Settlement Awards to Rule 23 Settlement Class Members following Final Approval (for purposes of preparing individual Settlement Award checks), the Settlement Administrator will not include Rule 23 Settlement

Class Members who validly request exclusion from the Settlement or any Collective Member who fails to timely opt-in to this Action. This means that for purposes of the Notices of Settlement, the Settlement Administrator has assumed that all potential Rule 23 Settlement Class Members and Collective Members will participate in this Settlement, even though that may not remain the case following Final Approval. It is thus likely that your total estimated settlement payment will be higher than indicated in this Notice.

For tax reporting purposes, Settlement Awards to participating Collective Members will be allocated as follows: twenty percent (20%) of each Settlement Award shall be allocated as wages, sixty (60%) of each Settlement Award shall be allocated as penalties and interest, and twenty percent (20%) of each Settlement Award shall be allocated as expense reimbursements. None of the Parties or attorneys makes any representations concerning the tax consequences of this Settlement or your participation in it. Participating Collective Members should consult with their own tax advisors concerning the tax consequences of the Settlement.

If you participate in the Settlement, you will have 180 days to cash the check that will be sent to you as provided above. If at the conclusion of the 180-day check void period, there are any uncashed checks, those monies will be paid to the Parties' agreed upon *cy pres* recipient, Legal Aid at Work, subject to the Court's approval in the Final Approval Order, if the total residual amount is less than \$50,000. If the total residual amount is \$50,000 or greater, a second distribution will occur to those Participating Individuals who cashed their check on a *pro rata* basis.

It is your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your monetary Settlement Award. If you fail to keep your address current, you may not receive your Settlement Award.

5. What Are The Releases For Collective Members Who Opt-In?

Upon Final Approval of the Settlement Agreement and payment of amounts set forth under the Settlement, all Collective Members who opt-in by cashing their settlement checks will release claims as follows against Defendants, their present and former parent companies, subsidiaries, related or affiliated companies, and their shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity that could be liable for any of the Released Claims (collectively, the "Releasees"):

- Released FLSA Claims: Members of the FLSA Settlement Collective who have previously consented to join the FLSA claim or who opt in and consent to the Settlement by cashing their settlement checks shall release the Released FLSA Claims, which include any and all claims, penalties, costs, expenses, attorneys' fees, liabilities, damages, actions or causes of action of whatever kind or nature under the Fair Labor Standards Act, 29 U.S.C. §§ 201, *et seq.*, through and including December 31, 2020, known and unknown, which were or could have been made based on the facts pled in the Second Amended Complaint in the Federal Action.
- The Released FLSA Claims encompass known and unknown claims which were or could have been made based on the facts pled in the Second Amended Complaint in the Federal Action. Accordingly, the participating members of the FLSA Settlement Collective acknowledge, waive, and relinquish all rights they have or may have based

on the facts pled in the Second Amended Complaint in the Federal Action with respect to, respectively, the Released FLSA Claims and Released Class Claims, under Section 1542 of the California Civil Code, which states as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. What Are My Rights And What Are My Options?

Please see Section 4 above for an estimate of how much you will receive under the Settlement as a Collective Member. To receive payment under the Settlement as a Collective Member, you MUST cash the settlement check that will be sent to you in several months. Therefore, you have two options:

- **Opt-In:** Cash the settlement check that will be sent to you to participate in the Settlement and receive a payment as a Collective Member.
- **Do Nothing:** Do not cash the settlement check that will be sent to you. If you do not cash the settlement check, you will not receive any payment under the Settlement as a Collective Member, and your claims against Defendants under the FLSA will not be released.

7. Can Defendants Retaliate Against Me For Participating In This Lawsuit?

No. Your decision as to whether or not to participate in this Lawsuit will in no way affect your work or employment with Defendants or future work or employment with Defendants. It is unlawful for Defendants to take any adverse action against you as a result of your participation in this Lawsuit. In fact, Defendants encourage you to participate in this Settlement.

8. Who Are The Attorneys Representing Plaintiff And The Settlement Class?

Plaintiff and the Settlement Class are represented by the following attorneys acting as Class Counsel:

Carolyn H. Cottrell
Ori Edelstein
Michelle S. Lim
**SCHNEIDER WALLACE
COTTRELL KONECKY LLP**
2000 Powell Street, Suite 1400
Emeryville, CA 94608
Telephone: (800) 689-0024
Facsimile: (415) 421-7105

9. How Will The Attorneys For The Settlement Class Be Paid?

Class Counsel will be paid from the Gross Settlement Amount of \$4,250,000. You do not have to pay the attorneys who represent the Settlement Class. The Settlement Agreement provides that Class Counsel will receive attorneys' fees of up to one-third (1/3) of \$4,250,000 (i.e., \$1,416,666.52) plus their out-of-pocket costs, not to exceed \$50,000. Class Counsel will file a Motion for Attorneys' Fees and Costs with the Court. The amount of attorneys' fees and costs awarded will be determined by the Court at the Final Approval Hearing.

10. Where Can I Get More Information?

If you have questions about this Notice, or the Settlement, or if you did not receive this Notice in the mail and you believe that you are or may be a member of the Settlement, you should contact Class Counsel.

This Notice is only a summary. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available at the Settlement website at www.QSISettlement.com, by contacting Class Counsel toll-free at (800) 689-0024, or by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>.

PLEASE DO NOT CONTACT THE COURT, THE CLERK OF THE COURT, THE JUDGE, OR DEFENDANTS FOR INFORMATION ABOUT THE PROPOSED SETTLEMENT OR THIS LAWSUIT.

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