

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

NOTICE OF CLASS 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 class and 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”). Defendants’ records show that you were employed as a non-exempt employee by Defendants in the State of California at some time between March 13, 2015 through and including December 31, 2020 and that you did not exclusively work in Defendants’ corporate offices or as an administrative or office clerk and are therefore eligible to participate in the Settlement. 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	
DO NOTHING	If you do nothing, you will be sent a settlement payment upon Final Approval of the Settlement, and the releases of claims under California law will apply to you. By cashing your settlement check, you will also release claims under federal law, as described below in Section 5.
EXCLUDE YOURSELF OR “OPT-OUT”	If you “opt-out” of the lawsuit and choose not to be part of the Settlement as described below in Section 6, the release of claims under federal law and California law will not apply to you, and you <u>will not</u> receive any payment under this Settlement, except as described in the following sentence. If you are an Aggrieved Employee (defined below), you will receive a pro rata portion of the Net PAGA Amount (defined below) whether or not you “opt-out” of the Settlement.
OBJECT	You may write an objection to the Court stating why you do not like the Settlement, as described below in Section 6. You may also appear in Court and explain why you do not like the Settlement or use an attorney to appear for you. If you object, this does not mean you opt-out of the Settlement (as explained below, if you opt-out of the Settlement, you will not be permitted to object to the Settlement).

1. Why Should You Read This Notice?

This Notice explains your right to share in the monetary proceeds of this Settlement, exclude yourself from (or “opt-out” of) the Settlement, or object to the Settlement. If you object to the Settlement, you cannot opt-out of the Settlement, and you will be bound by the terms of Settlement in the event the Court denies your objection.

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

Questions? Call 1- 855-447-2247 or Visit www.QSISettlement.com

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?

The claims in this Lawsuit are brought under California law and under the federal Fair Labor Standards Act (“FLSA”).

The Lawsuit alleges that individuals whom Defendants employed as non-exempt employees in California, between March 13, 2015 through and including December 31, 2020 and that did not exclusively work at Defendants’ corporate offices or as administrative or office clerks were not provided meal and rest breaks, were not compensated for all hours worked, were not paid minimum, straight time, overtime, or double time wages, were not paid all wages due upon termination, were not provided timely and compliant itemized wage statements, and were not reimbursed for necessary business expenses. This Lawsuit seeks recovery of unpaid wages, statutory damages, civil penalties under the California Labor Code Private Attorneys General Act (“PAGA”), unreimbursed business-related expenses, restitution, interest, attorneys’ fees and costs.

The Lawsuit also 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 exclusively work at Defendants’ corporate offices or as administrative or office clerks and were not appropriately paid minimum and overtime wages pursuant to the requirements of the FLSA.

Defendants deny these claims and believe that they have strong legal and factual defenses to them. Defendants also do not believe that Plaintiffs’ claims meet the requirements for class or collective certification. Nevertheless, in order to avoid the expense and delay associated with further litigation and appeals, Defendants have chosen to settle this matter and to make payments to current and former employees.

This Settlement is the result of good faith, arm’s length negotiations between Plaintiffs 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 Rule 23 Settlement Class 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, but it 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, a payment to the California Labor and Workforce Development Agency (LWDA) that is required by 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. If I Choose To Participate In The Settlement, How Do I Receive Payment And How Much Can I Expect To Receive?

You do not need to do anything to be sent your settlement payment. Just watch your mail for a check and cash it when you get it. 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).

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 << ClassWorkweeks>> workweeks for at least one of the Defendants during the relevant period in the State of California, and << OutsideCAWorkweeks>> workweeks for at least one of the Defendants during the relevant period in the United States of America, outside of the State of California.

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 Rule 23 Settlement Class Members will be calculated on the number of eligible workweeks. Each participating Rule 23 Settlement Class 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 was employed by Defendants from March 13, 2015, through and including December 31, 2020 in the state of California. 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 who timely Opts In to this Action was employed as a non-exempt employee by at least one of the Defendants at any time from March 13, 2016 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 worked. Each workweek will be equal to one (1) settlement share. To reflect the increased value of state law claims, workweeks during which work was performed in California will be equal to three (3)

settlement shares. To reflect the value of additional claims former employees have standing to bring under the California Labor Code, Participating Class Members whose employment with any of Defendants terminated at any point during the period 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.

Whether or not they otherwise opt-out of the Settlement, Aggrieved Employees who worked for Defendants between October 19, 2017 through and including December 31, 2020 (the "PAGA Period") in the state of California will be Participating Individuals for purposes of the settlement of the PAGA claim in the lawsuit and will receive a *pro rata* share of the Net PAGA Amount (i.e., \$7,500) based on their number of workweeks employed by Defendants as non-exempt employees during the PAGA Period.

For tax reporting purposes, Settlement Awards to Participating Individuals will be allocated as follows: any portion of each Settlement Award that is provided from the Net PAGA Amount shall be allocated as penalties; for the remainder of each Settlement Award, 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 Individuals 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 Claims Are Released Under The Settlement?

Upon Final Approval of the Settlement Agreement and payment of amounts set forth under the Settlement, Participating Individuals release claims as follows ("Released Claims") 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 California Class Claims: Members of the Rule 23 Settlement Class who do not request exclusion from the Settlement shall release the Released Class Claims, which include all claims, penalties, costs, expenses, attorneys' fees, liabilities, damages, actions or causes of action of every nature and description, known and unknown, that were pled or could have been pled based on the factual allegations in the Second Amended Complaint, through and including December 31, 2020, including, statutory, constitutional,

contractual or common law claims for wages (including minimum wage, overtime, and premium wages), damages, business expenses, or penalties (including waiting time penalties), liquidated damages, punitive damages, interest, restitution, equitable relief, or other relief, based on applicable statutes (including without limitation the California Labor Code, the California Industrial Welfare Commission wage orders, Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, et seq.) (“PAGA”), California Business and Professions Code § 17200, *et seq.*, or other law, including, but not limited to, claims based on the following categories of allegations: (a) claims for unpaid overtime; (b) claims for meal and rest period violations; (c) claims for unpaid minimum wages; (d) claims for untimely payment of wages upon termination; (e) claims for untimely payment of wages during employment; (f) claims for failure to pay wages; (g) claims for failure to provide accurate or otherwise proper itemized wage statements; (h) claims for failure to keep complete and accurate payroll records; (i) claims for failure to reimburse necessary business-related expenses and costs; (j) claims asserted, or which could have been asserted, under PAGA arising out of the aforementioned claims; (k) claims asserted through California Business & Professions Code § 17200 *et seq.* arising out of the aforementioned claims; and (l) other claims for penalties, liquidated damages, punitive damages, interest, attorneys’ fees, litigation costs, restitution, equitable relief, or additional damages that were pled or could have been pled based on the factual allegations in the Second Amended Complaint. Members of the Rule 23 Settlement Class who do not timely and validly request exclusion from the Settlement shall also release 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.

- **PAGA Claims:** Aggrieved Employees cannot opt out or otherwise exclude themselves from the PAGA component of the Settlement.
- As set forth above, the Released Class 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 Rule 23 Settlement Class 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 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.

In addition, if you cash or deposit your Settlement check, you will also be deemed to have opted-in to this Action pursuant to the FLSA and will thereby release, and agree to 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 FLSA 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 lawsuit.

6. What Are My Rights?

- **Do Nothing:** If you are a Rule 23 Settlement Class Member and do not timely and validly opt-out, you will automatically become a part of the Settlement Class and receive your prorated Settlement Award, and will be bound by the Settlement including its release provisions.
- **Opt-Out:** If you are a member of the Rule 23 Settlement Class and do not wish to be bound by the Settlement, you must submit a written request for exclusion from the Settlement (“opt-out”), postmarked by December 23, 2021. The written request for exclusion must contain your full name, address, telephone number, email address (if applicable), last four digits of your social security number, and must be signed individually by you. No opt-out request may be made on behalf of a group. The opt-out request must be sent by mail to the Settlement Administrator at Chavez v. Stellar Management, c/o Kroll Settlement Administration, PO Box 225391, New York, NY 10150-5391. **Any person who requests exclusion (opt-out) of the Settlement will not be entitled to any Settlement Award and will not be bound by the**

Settlement Agreement or have any right to object, appeal or comment thereon. (Notwithstanding the foregoing, you cannot opt-out or otherwise exclude yourself from the PAGA component of the Settlement—if you are an Aggrieved Employee, whether or not you submit a written request for exclusion from the Settlement, you will receive a pro rata portion of the Net PAGA Amount described above.)

- **Object:** If you received this Notice and wish to object to the Settlement, you must submit a written statement objecting to the Settlement by December 23, 2021. The statement must state the factual and legal grounds for your objection to the Settlement. The statement must state your full name, address, telephone number, and email address (if applicable), and must be signed by you. The statement must be mailed to the Court at the following address: United States District Court, Office of the Clerk, 450 Golden Gate Avenue, San Francisco, California 94102-3489. You must also mail a copy of your objection to counsel for Defendants and Class Counsel, at the addresses listed in Section 8 of this Notice by December 23, 2021.

You may also, if you wish, appear at the Final Approval Hearing to discuss your objection with the Court and the Parties to the Lawsuit. If you mailed a written objection, your written objection must state whether you will attend the Final Approval Hearing, and your written notice of your intention to appear at the Final Approval Hearing must be filed with the Court and served upon Class Counsel and Defendants' Counsel on or before the Notice Deadline. To be heard at the Final Approval Hearing you must also not opt-out of the Settlement. The postmark date of mailing to Class Counsel and Defendants' Counsel shall be the exclusive means for determining that an objection is timely mailed to counsel. Objections shall only be considered if the Settlement Class Member has not opted out of the Settlement. The failure to submit a written objection as a prerequisite to appearing in Court to object to the settlement may be excused upon a showing of good cause.

You may also withdraw your objection in writing by mailing a withdrawal statement to the Court and counsel for the Parties postmarked no later than March 4, 2022, orally at the Final Approval Hearing, or as otherwise ordered by the Court.

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. Plaintiff and the Settlement Class 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, or by contacting Class Counsel toll-free at (800) 689-0024, 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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