

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

SUPERIOR COURT OF THE STATE OF CALIFORNIA – COUNTY OF SAN DIEGO
Marco Sanchez, et. al. v. Evans Tire and Service Centers, Inc. (San Diego County, Case No.: 37-2018-00063516-CU-OE-CTL).

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

XX - XX - _____

YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT RELATED TO YOUR EMPLOYMENT WITH EVANS TIRE AND SERVICE CENTERS, INC. (“EVANS”).

A California court authorized this notice. This is not a solicitation from a lawyer.

YOU ARE HEREBY NOTIFIED that a proposed settlement (“the Settlement”) of the above class action (“the Action”) filed in San Diego County Superior Court has been reached by the Parties and has been granted Preliminary Approval by the Court supervising the Action. The purpose of this Class Notice is to inform you of the Settlement of this class action and your legal rights.

- The proposed settlement generally resolves claims regarding the following alleged wage and hour issues related to your employment with Evans: failure to provide meal and rest breaks; unpaid wages, including overtime and minimum wages; wage statement violations; separation pay violations; failure to reimburse for business expenses; unfair business practices; and penalties pursuant to California’s Private Attorneys General Act (“PAGA”). **Please see Section C below for further information regarding the claims you are releasing by participating in this settlement.**
- The settlement avoids costs and risks to you from continuing the lawsuit; pays money to you; and releases Evans (“Evans”) from liability for these employment related claims.
- The two sides disagree on whether Evans is liable for the allegations raised in this case and how much money could have been won if the employees won at trial.
- **Your legal rights may be affected. Read this notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

Get a Payment	If you are a Settlement Class Member, you will automatically receive a payment. After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained on page 6 under Change of Address.
Exclude Yourself	Get no payment. Send a letter to the Settlement Administrator as provided on page 5 under Exclude Yourself from the Settlement. This is the only option that allows you to bring your own claim against Evans about the legal claims in this case.
Object	Send a letter to the Settlement Administrator as provided below about why you do not like the settlement. Directions are provided on page 5 under Object to the Settlement.

WHY DID YOU RECEIVE THIS NOTICE?

This notice explains a proposed settlement of a lawsuit, and informs you of your legal rights under that proposed settlement. You are receiving this notice because you may be a member of a class on whose behalf this lawsuit has been brought because you “

WHAT IS THIS LAWSUIT ABOUT?

Plaintiffs filed a class action on December 17, 2018, and on April 22, 2019 amended their complaint to add a PAGA cause of action, respectively, in San Diego County Superior Court. The operative complaint alleges the following causes of action on behalf of Plaintiffs and the members of the putative class: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Periods; (3) Failure to Minimum and Regular Wages; (4) Failure to Pay All Overtime Wages; (5) Failure to Indemnify for Business Expenses (Lab. Code § 2802); (6) Failure to Provide Accurate Itemized Wage Statements; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Violation of California Business and Professions Code §17200; and (9) Violation of Cal. Labor Code §§ 2698, et seq. (“PAGA”). The lawsuit seeks recovery of wages, restitution, statutory and civil penalties, interest, attorneys’ fees and costs.

Evans denies any liability or wrongdoing of any kind associated with the claims alleged in the lawsuit and further deny that, for any purpose other than that of settling this lawsuit, the lawsuit is appropriate for class treatment. Evans contends, among other things, that it complied at all times with the California Labor Code, the California Business and Professions Code, and all other applicable laws. The Court has made no ruling and will make no ruling on the merits of the Action and its allegations and claims.

WHY IS THIS A CLASS ACTION?

In a class action, one or more people, called Class Representatives (in this case Marco Sanchez and Carlos Veal), sue on behalf of people who have similar claims. All these people are a Class or Class Members.

WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial, and the people affected will get compensation. The Class Representative and the attorneys think the settlement is best for everyone who was injured or exposed. The Court has determined only that there is sufficient evidence to suggest that the proposed settlement might be fair, adequate, and reasonable and that any final determination of those issues will be made at the final hearing.

WHAT DOES THE SETTLEMENT PROVIDE?

A. Who is in the Class?

The Settlement Class consists of all current and former employees of Evans paid hourly from December 17, 2014 to October 18, 2018 who have not excluded themselves from the Settlement in accordance with the requirements set forth herein.

B. What Can I Get from The Settlement?

Evans will pay a total of Seven Hundred and Fifty Thousand Dollars and Zero Cents (\$750,000.00) (the “Gross Settlement Amount” or “GSA”) to settle the lawsuit.

The following amounts will be paid from the GSA: all settlement payments to the Settlement Class, attorneys’ fees (not to exceed 33.33% of the GSA or \$250,000.00), litigation expenses not to exceed \$15,000.00, administrative costs estimated in an amount not to exceed \$12,000, 75% of the PAGA payment in the amount of \$56,250.00 to be paid to the California Labor & Workforce Development Agency, and an enhancement payment to the Named Plaintiffs in the amount of \$14,000 (collectively). After all this money is taken out, the amount left is called the “Net Settlement Amount”. Fifty percent (50%) of the Net Settlement Fund shall be allocated to the Non-Exempt Class. Fifty percent (50%) of the Net Settlement Fund shall be allocated to the Mechanics and Sales Associates Subclass. The Non-Exempt Class is defined as all current and former non-exempt employees who worked for Defendant at any time from December 17, 2014 to October 18, 2018. The Mechanics and Sales Associate Subclass means all

individuals of the Non-Exempt Class who worked for Evans Tire in California as Mechanics and/or Sales Associate at any time from December 17, 2014 to October 18, 2018.

The funds used for the GSA shall be paid to the Settlement Administrator. The Settlement Administrator shall cause the Court approved enhancement to Named Plaintiffs, Court approved attorneys' fees and litigation costs, administration costs, and PAGA payment to be paid at the same time and manner as the settlement payments to the Settlement Class Members.

Your Individual Payment Amount.

The amount of the payments provided to Settlement Class Members will be calculated using (a) your total number of Qualifying Workweeks (i.e., each week, or fraction thereof, you worked for Evans during the Settlement Period as described above); (b) divided by the aggregate number of Qualifying Workweeks of all Class Members; (c) multiplied by the value of the Net Settlement Amount, less any applicable withholding taxes. You will also receive a pro rata share of the \$18,750 PAGA payment if you worked for Evans between February 16, 2018 and October 18, 2018.

Currently, it is estimated that based on your number of Qualifying Workweeks you will receive a minimum of \$ [REDACTED]. This number may change based on how much the court awards in attorneys' fees, litigation expenses, the enhancement payment to the Named Plaintiff, and the number of individuals who ask to be excluded from the settlement. Payments to class members will vary depending on time worked, however, the range of payments is estimated to be between \$ [REDACTED] and \$ [REDACTED].

If you believe the number of Qualifying Workweeks of [No. Eligible Workweeks] is incorrect you need to contact the Settlement Administrator no later than November 2, 2020 and submit a brief statement (1) stating the correct number of workweeks you believe worked during the Class Period, and (2) authorizing the Settlement Administrator in writing to review your work file to determine the correct number of Qualifying Workweeks worked. You will also need to submit any evidence you have in support of your dispute.

Tax Matters.

The Settlement Administrator will distribute IRS Forms W-2 and 1099 (and the equivalent California forms) to Settlement Class Members reflecting the payments each Settlement Class Member receives under the Settlement. For tax purposes, payments will be allocated as follows: 20% as wages; 80% as interest and penalties. Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by the Internal Revenue Code.

Interest and penalties paid under this Settlement shall not be subject to federal, state and local payroll withholding taxes. The Settlement Administrator shall issue an IRS form 1099 for payments of interest and penalties. The usual and customary deductions will be taken out of the amounts attributable to unpaid wages. Settlement Class Members should consult with their tax advisors concerning the tax consequences of the payment they receive under the Settlement.

Any and all Employer Taxes that Evans normally would be responsible for paying will be paid by Evans outside of the GSA.

C. What Are You Giving Up To Get A Payment Or Stay In The Class?

Upon the Date of Final Approval, Named Plaintiff and all Settlement Class Members, will release **Evans Tire and Service Centers, Inc.** and its respective parents, subsidiaries, affiliates, related entities, predecessors or successors in interest, and its and each of their respective owners, officers, directors, shareholders, partners, members, managing agents, employees, consultants, attorneys, joint venturers, agents, successors, assigns, insurers, or reinsurers of any of them, and other related persons and entities (collectively, the "Released Parties"), from all Class Claims and any and all claims all claims asserted in the Litigation and in Plaintiffs' Notices to the LWDA, including, but not limited to, any and all claims,

demands, rights, liabilities, and causes of action that were or could have been pleaded under local, state or federal law arising out of, relating to, or based on any facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions, or failures to act pleaded in the operative complaint and PAGA complaint, including but not limited to claims related to unpaid wages and overtime compensation, meal and rest break violations, sick leave violations, untimely final paychecks, inaccurate itemized wage statements, business expenses, unfair business practices, and for penalties and unpaid wages under the Private Attorney General Act.

THE FINAL APPROVAL HEARING

Presently, the Court has determined only that there is sufficient evidence to suggest that the proposed settlement might be fair, reasonable and adequate. The Court will conduct a final approval hearing regarding the proposed settlement (the “Final Approval Hearing”) on December 18, 2020, at 9:00 a.m., in Department 67 of the San Diego County Superior Court. The Court will determine: (i) whether the settlement should be given the Court’s final approval as fair, reasonable, adequate and in the best interests of the Settlement Class Members; (ii) whether the Settlement Class Members should be bound by the terms of the settlement; (iii) the amount of the attorneys’ fees and litigation costs that should be awarded to Plaintiff’s counsel; and (iv) the amount that should be awarded to the Plaintiff as an enhancement payment. At the Final Approval Hearing, the Court will hear all objections, as well as arguments for and against the proposed settlement. You have a right to attend this hearing, but you are not required to do so. You also have the right to hire an attorney to represent you, or to enter an appearance and represent yourself. If you decide to hire an attorney to represent you, you will be solely responsible for paying any attorneys’ fees and/or costs associated with that representation.

The Settlement Administrator will give notice to any objecting party of any continuance of the hearing on the Motion for Final Approval. Additionally, you may contact Plaintiffs’ counsel, listed in this Notice, to inquire into the date and time of the Final Approval hearing.

Condition of Settlement. This Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing fully and finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class.

WHAT ARE YOUR OPTIONS?

- **OPTION 1 – GET A PAYMENT**

IF YOU ARE A SETTLEMENT CLASS MEMBER AND WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT, YOU DO NOT HAVE TO DO ANYTHING. YOU WILL AUTOMATICALLY RECEIVE A SETTLEMENT PAYMENT.

YOU WILL NOT BE RETALIATED AGAINST FOR PARTICIPATING IN THE SETTLEMENT

You are never required to go to court or pay anything to the lawyers in this case. The estimated amount of your Settlement Payment is set forth in this Notice. If you believe that the number of Qualifying Workweeks stated is incorrect, you may dispute the number of Qualifying Workweeks by submitting a letter to the Settlement Administrator. The letter must: (1) including preparing a statement setting forth the number of Eligible Workweeks that such person believes in good faith is correct; (2) include any evidence you may have; and (3) state that you authorize the Settlement Administrator to review the Settlement Class member's personnel file to determine such information and attaching any relevant documentation in support thereof. To be considered, the Form must be sent by first class U.S. mail to the Settlement Administrator and must be postmarked no later than November 2, 2020 or 60 days after mailing of this Notice to you. If you believe that the number of Qualifying Workweeks stated is correct, you do not have to do anything.

The Settlement Payment you will receive will be a full and final settlement of your Released Claims described above.

• **OPTION 2 – EXCLUDE YOURSELF FROM THE SETTLEMENT, GET NO MONEY FROM THE SETTLEMENT BUT KEEP THE RIGHT TO SUE**

You have a right to exclude yourself (“opt out”) from the Settlement, but if you choose to do so, you will not receive any benefits from the proposed settlement. You will **not** be bound by a judgment in this case and you will have the right to file your own lawsuit against Evans, subject to time limits called Statute of Limitations and other potential defenses that Evans may assert, and to pursue your own claims in a separate suit.

You can opt out of the Settlement by mailing a letter by U.S. mail to the Settlement Administrator at ILYM Group, Inc. P.O. Box 2031 Tustin, CA 92781. The letter must include the following information: (1) the case name and number *Marco Sanchez, et. al. v. Evans Tire and Service Centers, Inc. (San Diego County, Case No.: 37-2018-00063516-CU-OE-CTL)*; (2) a statement that “I wish to exclude myself from the settlement, I understand I will not receive payment”; (3) your address and phone number or your attorneys’ address and telephone number (if you have one); (4) be signed by you or your attorney. To be valid, your request for exclusion must be postmarked no later than November 2, 2020 or 60 days after mailing of this Notice to you.

• **OPTION 3 – OBJECT TO THE SETTLEMENT**

If you wish to remain a Settlement Class Member, but you object to the proposed settlement (or any of its terms) and wish the Court to consider your objection at the Final Approval Hearing, you may object to the proposed settlement in writing. Your writing must include the following: (1) the case name and number (*Marco Sanchez, et. al. v. Evans Tire and Service Centers, Inc. (San Diego County, Case No.: 37-2018-00063516-CU-OE-CTL)*); (2) the grounds for the objection; (3) your address and phone number or the address and phone number for your attorney. The letter must be dated and signed by you. The objection must be mailed to the Settlement Administrator: at ILYM Group, Inc. P.O. Box 2031 Tustin, CA 92781 and must be postmarked no later than November 2, 2020 or 60 days after mailing of this Notice to you.

You may appear in person or through an attorney, at your own expense, at the Final Approval hearing. However, it is not necessary for the you or your attorney to appear at the Final Approval Hearing in order for the objection to be considered by the Court.

Any attorney who represents a Class Member objecting to this Settlement must file a notice of appearance with the Court on or prior to the Response Deadline.

COUNSEL FOR THE PARTIES

The Court approved the law firm of Graham Hollis APC to represent you and other Class Members. Together, the lawyers are called Class Counsel. You will not be charged for these lawyers, they will be paid out of the settlement as described above. If you want to be represented by your own lawyer, you may hire one at your own expense.

PLAINTIFF’S/CLASS COUNSEL:

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CHANGE OF ADDRESS

If you move after receiving this Notice, if it was misaddressed or if for any reason you want your Settlement Payment or future correspondence concerning this Action to be sent to a different address, you must supply your preferred address to the Settlement Administrator.

GETTING MORE INFORMATION

The above is a summary of the basic terms of the settlement. For the precise terms and conditions of the settlement, you may review the detailed “Stipulation for Class and PAGA Action Settlement” which is available for viewing online, free of charge, at the Settlement Administrator’s website: www.ilymgroup.com. The pleadings and other court records in the lawsuit are available online at www.evanstiresettlement.com and may also be examined in person at any time during regular business hours at the Office of the Clerk of the San Diego County Superior Court, 330 W. Broadway, San Diego, California 92101.

ALL INQUIRIES REGARDING THIS LITIGATION SHOULD BE MADE TO THE SETTLEMENT ADMINISTRATOR OR CLASS COUNSEL.

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT OR THE SETTLEMENT ADMINISTRATION PROCESS.