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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SACRAMENTO

MICHAEL SCOTT, and HUGH HENLEY,  
individually, and on behalf of other members of  
the general public similarly situated,

Plaintiff,

vs.

GOODWILL INDUSTRIES OF  
SACRAMENTO VALLEY & NORTHERN  
NEVADA, INC., a California corporation; and  
DOES 1 through 10, inclusive,

Defendants.

Case No.: 34-2017-00219819-CU-OE-GDS

**JOINT STIPULATION OF CLASS ACTION  
SETTLEMENT AND RELEASE**

1                   **JOINT STIPULATION OF CLASS ACTION SETTLEMENT AND RELEASE**

2                   This Joint Stipulation of Class Action Settlement and Release (“Settlement” or “Settlement  
3 Agreement”) is made and entered into by and between Plaintiffs Michael Scott and Hugh Henley  
4 (“Plaintiffs” or “Class Representatives”), as individuals and on behalf of all others similarly situated, and  
5 Defendant Goodwill Industries of Sacramento Valley & Northern Nevada, Inc. (“Defendant”)  
6 (collectively with Plaintiffs, the “Parties”).

7                   **DEFINITIONS**

8                   The following definitions are applicable to this Settlement Agreement. Definitions contained  
9 elsewhere in this Settlement Agreement will also be effective:

10                  1.           “Action” means *Scott vs. Goodwill Industries of Sacramento Valley & Northern Nevada*  
11 *Inc.*, No. 34-2017-00219819-CU-OE-GDS (Sacramento County Superior Court).

12                  2.           “Attorneys’ Fees and Costs” means attorneys’ fees agreed upon by the Parties and  
13 approved by the Court for Class Counsel’s litigation and resolution of the Action, and all out-of-pocket  
14 costs incurred and to be incurred by Class Counsel in the Action, including but not limited to fees and  
15 expenses of experts, investigation expenses, postage, telephone, and photocopying charges, costs  
16 associated with documenting the Settlement, providing any notices required as part of the Settlement or  
17 Court order, securing the Court’s approval of the Settlement, administering the Settlement, and obtaining  
18 entry of a Judgment terminating the Action. Class Counsel will request attorneys’ fees not in excess of  
19 one-third (1/3) of the Class Settlement Amount, or Seven Hundred Fifty Thousand Dollars (\$750,000).  
20 The Attorneys’ Fees and Costs will also mean and include the additional reimbursement of any costs and  
21 expenses associated with Class Counsel’s litigation and settlement of the Action, up to Fifty Five  
22 Thousand Dollars (\$55,000), subject to the Court’s approval. Defendant has agreed not to oppose Class  
23 Counsel’s request for fees and reimbursement of costs as set forth above.

24                  3.           “Class Counsel” means Capstone Law APC.

25                  4.           “Class List” means a complete list of all Class Members that Defendant will diligently  
26 and in good faith compile from its records and provide to the Settlement Administrator and to Class  
27 Counsel within twenty (20) calendar days after Preliminary Approval of this Settlement. The Class List  
28 will be formatted in Microsoft Office Excel and will include each Class Member’s full name; most

1 recent mailing address and telephone number; Social Security number; dates of employment; the  
2 respective number of Workweeks that each Class Member worked during the Class Period; and any  
3 other relevant information needed to calculate settlement payments.

4 5. "Class Member(s)" or "Settlement Class" means all persons who worked for Defendant  
5 as a non-exempt, hourly employee in California at any time from September 27, 2013 to: (i) the date of  
6 preliminary approval, or (ii) sixty days from the date of mediation, or (iii) the date on which the total  
7 number of weeks worked by all Class Members was no greater than 450,000, whichever of the three  
8 occurs first.

9 6. "Class Period" means the period from September 27, 2013 to: (i) the date of preliminary  
10 approval, or (ii) sixty days from the date of mediation, or (iii) the date on which the total number of  
11 weeks worked by all Class Members was no greater than 450,000, whichever of the three occurs first.

12 7. "Class Representative Enhancement Payments" means the amounts to be paid to  
13 Plaintiffs in recognition of their effort and work in prosecuting the Action on behalf of Class Members,  
14 and for their general release of claims. Subject to the Court granting final approval of this Settlement  
15 Agreement, and subject to the exhaustion of any and all appeals, Plaintiffs will request Court approval of  
16 Class Representative Enhancement Payments of Ten Thousand Dollars (\$10,000), each.

17 8. "Class Settlement Amount" means the Class Settlement Amount of Two Million Two  
18 Hundred Fifty Thousand Dollars (\$2,250,000), to be paid by Defendant in full satisfaction of all  
19 Released Claims arising from the Action, which includes all Individual Settlement Payments to  
20 Participating Class Members and Defendant's share of the applicable payroll taxes thereon (FICA,  
21 FUTA, UI, and ETT contributions), Attorneys' Fees and Costs to Class Counsel, the Class  
22 Representative Enhancement Payments to Plaintiffs, and Settlement Administration Costs to the  
23 Settlement Administrator. This Class Settlement Amount has been agreed to by Plaintiffs and Defendant  
24 based on the aggregation of the agreed-upon settlement value of individual claims. In no event will  
25 Defendant be liable for more than the Class Settlement Amount except as otherwise explicitly set forth  
26 herein. There will be no reversion of the Class Settlement Amount to Defendant.

27 9. "Court" means the Sacramento County Superior Court.

28 10. "Defendant" means Defendant Goodwill Industries of Sacramento Valley & Northern

1 Nevada, Inc.

2 11. “Effective Date” means the later of: (i) if no timely objections are filed, or are  
3 withdrawn prior to Final Approval, then the date of Final Approval; or (ii) if a Class Member files an  
4 objection to the Settlement, the Effective Date shall be the sixty-first (61) calendar day after the date of  
5 Final Approval, provide no appeal is initiated by an objector; or (iii) if a timely appeal is initiated by an  
6 objector, then the Effective Date will be the date of final resolution of that appeal (including any requests  
7 for rehearing and/or petitions for certiorari), resulting in final judicial approval of the Settlement.

8 12. “Final Approval” means the date on which the Court enters an order granting final  
9 approval of the Settlement Agreement.

10 13. “Individual Settlement Payment” means each Participating Class Member’s respective  
11 share of the Net Settlement Amount.

12 14. “Net Settlement Amount” means the portion of the Class Settlement Amount remaining  
13 after deducting the Attorneys’ Fees and Costs, the Class Representative Enhancement Payments, and  
14 Settlement Administration Costs. The Net Settlement Amount will be distributed to Participating Class  
15 Members. There will be no reversion of the Net Settlement Amount to Defendant.

16 15. “Notice of Objection” means a Class Member’s valid and timely written objection to the  
17 Settlement Agreement. For the Notice of Objection to be valid, it must include: (i) the objector’s full  
18 name, signature, address, and telephone number, (ii) a written statement of all grounds for the objection  
19 accompanied by any legal support for such objection; (iii) copies of any papers, briefs, or other  
20 documents upon which the objection is based; and (iv) a statement whether the objector intends to appear  
21 at the final fairness hearing. Any Class Member who does not submit a timely written objection to the  
22 Settlement, or who fails to otherwise comply with the specific and technical requirements of this section,  
23 will be foreclosed from objecting to the Settlement and seeking any adjudication or review of the  
24 Settlement, by appeal or otherwise.

25 16. “Notice Packet” means the Notice of Class Action Settlement, substantially in the form  
26 attached as Exhibit A.

27 17. “Operative Complaint” means the First Amended Class Action Complaint filed with the  
28 Court in the Action.

1           18.     “Parties” means Plaintiffs and Defendant collectively.

2           19.     “Participating Class Members” means all Class Members who do not submit timely and  
3 valid Requests for Exclusion.

4           20.     “Plaintiffs” means Plaintiffs Michael Scott and Hugh Henley.

5           21.     “Preliminary Approval” means the date on which the Court enters an order granting  
6 preliminary approval of the Settlement Agreement.

7           22.     “Released Claims” means all claims, rights, demands, liabilities, and causes of action,  
8 arising from, or related to, the same set of operative facts as those set forth in the Operative Complaint,  
9 including, but not limited to: (i) all claims for unpaid overtime; (ii) all claims for meal and rest break  
10 violations; (iii) all claims for unpaid minimum wages; (iii) all claims for the failure to reimburse for  
11 business expenses; (iv) all claims for failure to pay required wages for split shifts; (v) all claims for the  
12 failure to timely pay wages upon termination based on the preceding claims; (vi) all claims for the failure  
13 to timely pay wages during employment based on the preceding claims; (vii) all claims for wage  
14 statement violations based on the preceding claims; and (viii) all claims asserted through California  
15 Business & Professions Code §§ 17200, *et seq.*

16           23.     “Released Parties” means Defendant, its past or present officers, directors, shareholders,  
17 employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and  
18 reinsurers, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and  
19 attorneys, if any.

20           24.     “Request for Exclusion” means a timely letter submitted by a Class Member indicating a  
21 request to be excluded from the Settlement. The Request for Exclusion must: (i) set forth the name,  
22 address, telephone number and last four digits of the Social Security Number of the Class Member  
23 requesting exclusion; (ii) be signed by the Class Member; (iii) be returned to the Settlement  
24 Administrator; (iv) clearly state that the Class Member does not wish to be included in the Settlement;  
25 and (v) be faxed or postmarked on or before the Response Deadline.

26           25.     “Response Deadline” means the deadline by which Class Members must postmark or  
27 fax to the Settlement Administrator Requests for Exclusion, or postmark Notices of Objection to the  
28 Settlement Administrator. The Response Deadline will be thirty (30) calendar days from the initial

1 mailing of the Notice Packet by the Settlement Administrator, unless the thirtieth (30th) calendar day  
2 falls on a Sunday or State holiday, in which case the Response Deadline will be extended to the next day  
3 on which the U.S. Postal Service is open.

4 26. "Settlement Administration Costs" means the costs payable from the Class Settlement  
5 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,  
6 printing, distributing, and tracking documents for this Settlement, tax reporting, distributing the Class  
7 Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The  
8 Settlement Administration Costs will be paid from the Class Settlement Amount, including, if necessary,  
9 any such costs in excess of the amount represented by the Settlement Administrator as being the  
10 maximum costs necessary to administer the Settlement. Based on an estimated Settlement Class of  
11 approximately 8,900 Class Members, the Settlement Administration Costs are currently estimated to be  
12 Fifty Thousand Dollars (\$50,000).

13 27. "Settlement Administrator" means CPT Group, Inc., or any other third-party class action  
14 settlement administrator agreed to by the Parties and approved by the Court for the purposes of  
15 administering this Settlement. The Parties each represent that they do not have any financial interest in  
16 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that  
17 could create a conflict of interest.

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

## 21 **TERMS OF AGREEMENT**

22 The Plaintiffs, on behalf of themselves and the Settlement Class, and Defendant agree as  
23 follows:

24 29. Funding of the Class Settlement Amount. Defendant will fund the Class Settlement  
25 Amount in two separate deposits into a Qualified Settlement Account to be established by the Settlement  
26 Administrator. The first deposit of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000)  
27 will be made within thirty (30) calendar days after the Effective Date. The second deposit of Five  
28 Hundred Thousand Dollars (\$500,000) will be made within six (6) months after the first deposit

1 (“Funding Date”). After the Funding Date, the Class Settlement Amount will be used for: (i) Individual  
2 Settlement Payments and Defendant’s share of the applicable payroll taxes thereon (FICA, FUTA, UI,  
3 and ETT contributions); (ii) the Class Representative Enhancement Payments; (iii) Attorneys’ Fees and  
4 Costs; and (iv) Settlement Administration Costs.

5 30. Attorneys’ Fees and Costs. Defendant agrees not to oppose or impede any application or  
6 motion by Class Counsel for Attorneys’ Fees and Costs of not more than Seven Hundred Fifty Thousand  
7 Dollars (\$750,000), plus the reimbursement of all out-of-pocket costs and expenses associated with Class  
8 Counsel’s litigation and settlement of the Action (including expert fees, investigations expenses,  
9 photocopying, etc.), not to exceed Fifty Five Thousand Dollars (\$55,000), both of which will be paid  
10 from the Class Settlement Amount.

11 31. Class Representative Enhancement Payment. In exchange for a general release, and in  
12 recognition of their effort and work in prosecuting the Action on behalf of Class Members, Defendant  
13 agrees not to oppose or impede any application or motion for Class Representative Enhancement  
14 Payments of Ten Thousand Dollars (\$10,000), each, to Plaintiffs. The Class Representative  
15 Enhancement Payments will be paid from the Class Settlement Amount and will be in addition to  
16 Plaintiffs’ Individual Settlement Payment paid pursuant to the Settlement. Plaintiffs will be solely and  
17 legally responsible to pay any and all applicable taxes on the Class Representative Enhancement  
18 Payments.

19 32. Settlement Administration Costs. The Settlement Administrator will be paid for the  
20 reasonable costs of administration of the Settlement and distribution of payments from the Class  
21 Settlement Amount, which is currently estimated to be Fifty Thousand Dollars (\$50,000). These costs,  
22 which will be paid from the Class Settlement Amount, will include, *inter alia*, the required tax reporting  
23 on the Individual Settlement Payments, the issuing of 1099 and W-2 IRS Forms, distributing Notice  
24 Packets, calculating and distributing the Class Settlement Amount, and providing necessary reports and  
25 declarations.

26 33. Net Settlement Amount. The entire Net Settlement Amount will be distributed to  
27 Participating Class Members. No portion of the Net Settlement Amount will revert to or be retained by  
28 Defendant.

1           34.    Individual Settlement Payment Calculations. Individual Settlement Payments will be  
2 calculated and apportioned from the Net Settlement Amount based on the number of Workweeks a Class  
3 Member worked during the Class Period. Specific calculations of Individual Settlement Payments will  
4 be made as follows:

5                   34(a)    Defendant will calculate the total number of Workweeks worked by each  
6                            Class Member during the Class Period and the aggregate total number of  
7                            Workweeks worked by all Class Members during the Class Period.

8                   34(b)    To determine each Class Member's estimated "Individual Settlement  
9                            Payment," the Settlement Administrator will use the following formula:  
10                           The Net Settlement Amount will be divided by the aggregate total number  
11                           of Workweeks, resulting in the "Workweek Value." Each Class Member's  
12                           "Individual Settlement Payment" will be calculated by multiplying each  
13                           individual Class Member's total number of Workweeks by the Workweek  
14                           Value.

15                   34(c)    The Individual Settlement Payment will be reduced by any required  
16                           deductions for each Participating Class Member as specifically set forth  
17                           herein, including employee-side tax withholdings or deductions.

18                   34(d)    The entire Net Settlement Amount will be disbursed to all Class Members  
19                           who do not submit timely and valid Requests for Exclusion. If there are any  
20                           valid and timely Requests for Exclusion, the Settlement Administrator shall  
21                           proportionately increase the Individual Settlement Payment for each  
22                           Participating Class Member according to the number of Workweeks  
23                           worked, so that the amount actually distributed to the Settlement Class  
24                           equals 100% of the Net Settlement Amount.

25           35.    No Credit Toward Benefit Plans. The Individual Settlement Payments made to  
26 Participating Class Members under this Settlement, as well as any other payments made pursuant to this  
27 Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any  
28 Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k)



1 plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan.

2 Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions,  
3 or amounts to which any Class Members may be entitled under any benefit plans.

4 36. Administration Process. The Parties agree to cooperate in the administration of the  
5 settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in  
6 administration of the Settlement.

7 37. Delivery of the Class List. Within twenty (20) calendar days of Preliminary Approval,  
8 Defendant will provide the Class List to the Settlement Administrator and to Class Counsel.

9 38. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the Class  
10 List from Defendant, the Settlement Administrator will mail a Notice Packet to all Class Members via  
11 regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class  
12 List.

13 39. Confirmation of Contact Information in the Class Lists. Prior to mailing, the Settlement  
14 Administrator will perform a search based on the National Change of Address Database for information  
15 to update and correct for any known or identifiable address changes. Any Notice Packets returned to the  
16 Settlement Administrator as non-deliverable on or before the Response Deadline will be sent promptly  
17 via regular First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement  
18 Administrator will indicate the date of such re-mailing on the Notice Packet. If no forwarding address is  
19 provided, the Settlement Administrator will promptly attempt to determine the correct address using a  
20 skip-trace, or other search using the name, address and/or Social Security number of the Class Member  
21 involved, and will then perform a single re-mailing. Those Class Members who receive a re-mailed  
22 Notice Packet, whether by skip-trace or by request, will have either (i) an additional fifteen (15) calendar  
23 days or (ii) until the Response Deadline, whichever is later, to submit a Request for Exclusion or an  
24 objection to the Settlement.

25 40. Notice Packets. All Class Members will be mailed a Notice Packet. Each Notice Packet  
26 will provide: (i) information regarding the nature of the Action; (ii) a summary of the Settlement's  
27 principal terms; (iii) the Settlement Class definition; (iv) the total number of Workweeks each respective  
28 Class Member worked for Defendant during the Class Period; (v) each Class Member's estimated

1 Individual Settlement Payment and the formula for calculating Individual Settlement Payments; (vi) the  
2 dates which comprise the Class Period; (vii) instructions on how to submit Requests for Exclusion or  
3 Notices of Objection; (viii) the deadlines by which the Class Member must postmark or fax Request for  
4 Exclusions, or postmark Notices of Objection to the Settlement; and (ix) the claims to be released.

5 41. Disputed Information on Notice Packets. Class Members will have an opportunity to  
6 dispute the information provided in their Notice Packets. To the extent Class Members dispute their  
7 employment dates or the number of Workweeks on record, Class Members may produce evidence to the  
8 Settlement Administrator showing that such information is inaccurate. The Settlement Administrator will  
9 decide the dispute. Defendant's records will be presumed correct, but the Settlement Administrator will  
10 evaluate the evidence submitted by the Class Member and will make the final decision as to the merits of  
11 the dispute. All disputes will be decided within ten (10) business days of the Response Deadline.

12 42. Defective Submissions. If a Class Member's Request for Exclusion is defective as to the  
13 requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The  
14 Settlement Administrator will mail the Class Member a cure letter within three (3) business days of  
15 receiving the defective submission to advise the Class Member that his or her submission is defective  
16 and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have  
17 until (i) the Response Deadline or (ii) fifteen (15) calendar days from the date of the cure letter,  
18 whichever date is later, to postmark or fax a revised Request for Exclusion. If the revised Request for  
19 Exclusion is not postmarked or received by fax within that period, it will be deemed untimely.

20 43. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the  
21 Settlement Agreement must sign and fax or postmark a written Request for Exclusion to the Settlement  
22 Administrator within the Response Deadline. In the case of Requests for Exclusion that are mailed to the  
23 Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request  
24 for Exclusion has been timely submitted. A Request for Exclusion may not be submitted on behalf of a  
25 group. At no time will any of the Parties or any of their counsel, or anyone acting on any of their behalf  
26 or at any of their direction seek to solicit or otherwise encourage Class Members to submit a Request for  
27 Exclusion.

28 44. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member

1 who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid  
2 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released  
3 Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the  
4 Settlement.

5 45. Releases by Participating Class Members. Upon the Funding Date, and except as to such  
6 rights or claims as may be created by this Settlement Agreement, each Participating Class Member,  
7 together and individually, on their behalf and on behalf of their respective spouses, heirs, executors,  
8 administrators, agents, and attorneys, shall fully and forever release and discharge all of the Released  
9 Parties, or any of them, from each of the Released Claims during the Class Period.

10 46. Objection Procedures. To object to the Settlement Agreement, a Class Member must  
11 postmark a valid Notice of Objection to the Settlement Administrator on or before the Response  
12 Deadline. The Notice of Objection must be signed by the Class Member and contain all information  
13 required by this Settlement Agreement. The postmark will be deemed the exclusive means for  
14 determining that the Notice of Objection is timely. Class Members who fail to object in the manner  
15 specified above will be deemed to have waived all objections to the Settlement and will be foreclosed  
16 from making any objections, whether by appeal or otherwise, to the Settlement Agreement. Class  
17 Members who postmark timely Notices of Objection will have a right to appear at the Final Approval  
18 Hearing in order to have their objections heard by the Court. At no time will any of the Parties or their  
19 counsel seek to solicit or otherwise encourage Class Members to submit written objections to the  
20 Settlement Agreement or appeal from the Order and Judgment. Class Counsel will not represent any  
21 Class Members with respect to any such objections to this Settlement.

22 47. Certification Reports Regarding Individual Settlement Payment Calculations. The  
23 Settlement Administrator will provide Defendant's counsel and Class Counsel a weekly report that  
24 certifies the number of Class Members who have submitted valid Requests for Exclusion, objections to  
25 the Settlement, and whether any Class Member has submitted a challenge to any information contained  
26 in their Notice Packet. Additionally, the Settlement Administrator will provide to counsel for both Parties  
27 any updated reports regarding the administration of the Settlement Agreement as needed or requested.

28 48. Distribution Timing of Individual Settlement Payments. Within ten (10) calendar days

1 of the Funding Date, the Settlement Administrator will issue payments to: (i) Participating Class  
2 Members; (ii) Plaintiffs; and (iii) Class Counsel. The Settlement Administrator will also issue a payment  
3 to itself for Court-approved services performed in connection with the Settlement.

4 49. Un-cashed Settlement Checks. Funds represented by Individual Settlement Payment  
5 checks returned as undeliverable and Individual Settlement Payment checks remaining un-cashed for  
6 more than one hundred and eighty (180) calendar days after issuance will be tendered, on an evenly split  
7 basis, to California Rural Legal Assistance and WEAVE.

8 50. Certification of Completion. Upon completion of administration of the Settlement, the  
9 Settlement Administrator will provide a written declaration under oath to certify such completion to the  
10 Court and counsel for all Parties.

11 51. Treatment of Individual Settlement Payments. All Individual Settlement Payments will  
12 be allocated as follows: (i) Twenty Percent (20%) of each Individual Settlement Payment will be  
13 allocated as wages for which IRS Forms W-2 will be issued; and (ii) Eighty (80%) will be allocated as  
14 non-wages for which IRS Forms 1099-MISC will be issued.

15 52. Administration of Taxes by the Settlement Administrator. The Settlement Administrator  
16 will be responsible for issuing to Plaintiffs, Participating Class Members, and Class Counsel any W-2,  
17 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement. The  
18 Settlement Administrator will also be responsible for forwarding all payroll taxes and penalties to the  
19 appropriate government authorities.

20 53. Tax Liability. Defendant makes no representation as to the tax treatment or legal effect  
21 of the payments called for hereunder, and Plaintiffs and Participating Class Members are not relying on  
22 any statement, representation, or calculation by Defendant or by the Settlement Administrator in this  
23 regard. Plaintiffs and Participating Class Members will be solely responsible for the payment of any  
24 taxes and penalties assessed on the payments called for hereunder.

25 54. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES  
26 OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS  
27 AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”)  
28 ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND

1 NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES  
2 OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR  
3 WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED  
4 OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES  
5 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE  
6 ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS  
7 OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX  
8 ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS  
9 AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY  
10 ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY  
11 UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO  
12 ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE  
13 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER  
14 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF  
15 ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER  
16 SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE  
17 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY  
18 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS  
19 AGREEMENT.

20           55.     No Prior Assignments. The Parties and their counsel represent, covenant, and warrant  
21 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,  
22 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of  
23 action or right herein released and discharged.

24           56.     Nullification of Settlement Agreement. In the event that: (i) the Court does not finally  
25 approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other  
26 reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null  
27 and void *ab initio*. Any order or judgment entered by the Court in furtherance of this Settlement  
28 Agreement will likewise be treated as void from the beginning.

1           57.     Preliminary Approval Hearing. Plaintiffs will obtain a hearing before the Court to  
2 request the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval  
3 Order for: (i) conditional certification of the Settlement Class for settlement purposes only, (ii)  
4 preliminary approval of the proposed Settlement Agreement, (iii) setting a date for a final fairness  
5 hearing. The Preliminary Approval Order will provide for the Notice Packet to be sent to all Class  
6 Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiffs will  
7 submit this Settlement Agreement, which sets forth the terms of this Settlement, and will include the  
8 proposed Notice of Class Action Settlement, attached as Exhibit A. Class Counsel will be responsible for  
9 drafting all documents necessary to obtain preliminary approval.

10           58.     Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the  
11 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the  
12 Court's permission, a final fairness hearing will be conducted to determine the Final Approval of the  
13 Settlement Agreement along with the amounts properly payable for: (i) Attorneys' Fees and Costs; (ii)  
14 the Class Representative Enhancement Payments; (iii) Individual Settlement Payments; and (iv) all  
15 Settlement Administration Costs. The final fairness hearing will not be held earlier than thirty (30)  
16 calendar days after the Response Deadline. Class Counsel will be responsible for drafting all documents  
17 necessary to obtain final approval. Class Counsel will also be responsible for drafting the attorneys' fees  
18 and costs application to be heard at the final approval hearing.

19           59.     Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the  
20 Court or after the final fairness hearing, the Parties will present the Judgment to the Court for its  
21 approval. After entry of the Judgment, the Court will have continuing jurisdiction solely for purposes of  
22 addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) Settlement  
23 administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or  
24 as set forth in this Settlement Agreement.

25           60.     Release by Plaintiffs. Upon the Funding Date, in addition to the claims being released by  
26 all Participating Class Members, Plaintiffs will release and forever discharge the Released Parties, to the  
27 fullest extent permitted by law, of and from any and all charges, complaints, claims, liabilities,  
28 obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights,

1 demands, costs, losses, debts, and expenses, all known and unknown, asserted and not asserted, which  
2 Plaintiffs have or may have against the Released Parties as of the date of execution of this Settlement  
3 Agreement. To the extent the foregoing release is a release to which Section 1542 of the California Civil  
4 Code or similar provisions of other applicable law may apply, Plaintiffs expressly waive any and all  
5 rights and benefits conferred upon them by the provisions of Section 1542 of the California Civil Code  
6 or similar provisions of applicable law which are as follows:

7 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE  
8 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO  
9 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE  
10 AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY  
11 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED  
12 PARTY.

13 61. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the  
14 terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth  
15 herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

16 62. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the  
17 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements  
18 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code Section  
19 1625 and California Code of Civil Procedure Section 1856(a), which provide that a written agreement is  
20 to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and  
21 the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or  
22 contradict the terms of this Settlement Agreement.

23 63. Amendment or Modification. No amendment, change, or modification to this Settlement  
24 Agreement will be valid unless in writing and signed, either by the Parties or their counsel.

25 64. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and  
26 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement  
27 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant  
28 to this Settlement Agreement to effectuate its terms and to execute any other documents required to

1 effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each  
2 other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to  
3 reach agreement on the form or content of any document needed to implement the Settlement, or on any  
4 supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties  
5 may seek the assistance of the Court to resolve such disagreement.

6 65. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,  
7 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

8 66. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto  
9 will be governed by and interpreted according to the laws of the State of California.

10 67. Execution and Counterparts. This Settlement Agreement is subject only to the execution  
11 of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All  
12 executed counterparts and each of them, including electronic (e.g., DocuSign), facsimile, and scanned  
13 copies of the signature page, will be deemed to be one and the same instrument.

14 68. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this  
15 Settlement Agreement is a fair, adequate and reasonable settlement of the Action and have arrived at this  
16 Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account  
17 all relevant factors, present and potential. The Parties further acknowledge that they are each represented  
18 by competent counsel and that they have had an opportunity to consult with their counsel regarding the  
19 fairness and reasonableness of this Settlement.

20 69. Invalidity of Any Provision. Before declaring any provision of this Settlement  
21 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent  
22 possible consistent with applicable precedents so as to define all provisions of this Settlement Agreement  
23 valid and enforceable.

24 70. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class  
25 certification for purposes of this Settlement only; except, however, that Plaintiffs or Class Counsel may  
26 appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court,  
27 and either party may appeal any court order that materially alters the Settlement Agreement's terms.

28 71. Class Action Certification for Settlement Purposes Only. The Parties agree to stipulate to



1 class action certification for purposes of the Settlement only. If, for any reason, the Settlement is not  
2 approved, the stipulation to certification will be void *ab initio*. The Parties further agree that certification  
3 for purposes of the Settlement is not an admission that class action certification is proper under the  
4 standards applied to contested certification motions and that this Settlement Agreement will not be  
5 admissible in this or any other proceeding as evidence that either (i) a class action should be certified or  
6 (ii) Defendant is liable to Plaintiffs or any Class Member, other than according to the Settlement's terms.

7 72. Non-Admission of Liability. The Parties enter into this Settlement to resolve the dispute  
8 that has arisen between them and to avoid the burden, expense and risk of continued litigation. In  
9 entering into this Settlement, Defendant does not admit, and specifically denies, that it violated any  
10 federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or  
11 any other applicable laws, regulations or legal requirements; breached any contract; violated or breached  
12 any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with  
13 respect to its employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any  
14 of the negotiations connected with it, will be construed as an admission or concession by Defendant of  
15 any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to  
16 enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be  
17 offered or received as evidence in any action or proceeding to establish any liability or admission on the  
18 part of Defendant or to establish the existence of any condition constituting a violation of, or a non-  
19 compliance with, federal, state, local or other applicable law.

20 73. No Public Comment: The Parties and their counsel agree that they will not issue any  
21 press releases, initiate any contact with the press, respond to any press inquiry, or have any  
22 communication with the press about the fact, amount or terms of the Settlement.

23 74. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement  
24 or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or  
25 constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

26 75. Enforcement Actions. In the event that one or more of the Parties institutes any legal  
27 action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement  
28 or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be

1 entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including  
2 expert witness fees incurred in connection with any enforcement actions.

3 76. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and  
4 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed  
5 more strictly against one party than another merely by virtue of the fact that it may have been prepared  
6 by counsel for one of the Parties, it being recognized that, because of the arms-length negotiations  
7 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

8 77. Representation By Counsel. The Parties acknowledge that they have been represented  
9 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and  
10 that this Settlement Agreement has been executed with the consent and advice of counsel. Further,  
11 Plaintiffs and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

12 78. All Terms Subject to Final Court Approval. All amounts and procedures described in  
13 this Settlement Agreement herein will be subject to final Court approval.

14 79. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good  
15 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this  
16 Settlement Agreement.

17 80. Binding Agreement. The Parties warrant that they understand and have full authority to  
18 enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully  
19 enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in  
20 any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that  
21 otherwise might apply under federal or state law.

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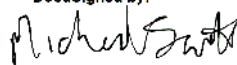
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**READ CAREFULLY BEFORE SIGNING**

**PLAINTIFF**

Dated: 7/28/2021

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**PLAINTIFF**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Hugh Henley

**DEFENDANT GOODWILL INDUSTRIES OF  
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NEVADA, INC.**

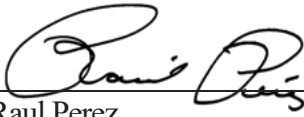
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**APPROVED AS TO FORM**

**CAPSTONE LAW APC**

Dated: July 29, 2021

By:   
\_\_\_\_\_  
Raul Perez

Attorneys for Plaintiff Michael Scott and Hugh  
Henley

**PALMER KAZANJIAN WOHL HODSON LLP**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Larry Kazanjian

Attorneys for Defendant Goodwill Industries of  
Sacramento Valley & Northern Nevada, Inc.

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**READ CAREFULLY BEFORE SIGNING**

**PLAINTIFF**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michael Scott

**PLAINTIFF**

Dated: 7/28/2021

DocuSigned by:  
  
\_\_\_\_\_  
Hugh Henley

**DEFENDANT GOODWILL INDUSTRIES OF  
SACRAMENTO VALLEY & NORTHERN  
NEVADA, INC.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Please Print Name of Authorized Signatory

**APPROVED AS TO FORM**

**CAPSTONE LAW APC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Raul Perez

Attorneys for Plaintiff Michael Scott and Hugh  
Henley

**PALMER KAZANJIAN WOHL HODSON LLP**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Larry Kazanjian


Attorneys for Defendant Goodwill Industries of  
Sacramento Valley & Northern Nevada, Inc.

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**READ CAREFULLY BEFORE SIGNING**

**PLAINTIFF**

Dated: 7/28/2021

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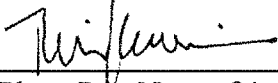
**PLAINTIFF**

Dated: \_\_\_\_\_

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Hugh Henley

**DEFENDANT GOODWILL INDUSTRIES OF  
SACRAMENTO VALLEY & NORTHERN  
NEVADA, INC.**

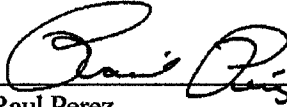
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Please Print Name of Authorized Signatory  
TIM KASSER  
BOARD CHAIR / INTERIM CEO

**APPROVED AS TO FORM**

**CAPSTONE LAW APC**

Dated: July 29, 2021

By:   
\_\_\_\_\_  
Raul Perez

Attorneys for Plaintiff Michael Scott and Hugh  
Henley

**PALMER KAZANJIAN WOHL HOBSON LLP**

Dated: Aug 5 2021

By:   
\_\_\_\_\_  
Larry Kazanjian

Attorneys for Defendant Goodwill Industries of  
Sacramento Valley & Northern Nevada, Inc.