

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS**

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

*John Arias; Jeffrey Hensley v. Flowserve US, Inc., et al.*

Case No. 22STCV27829

«EmployeeName»  
«Address1»«Address2»  
«City», «State» «Zip»  
Last 4 of SSN: «Last4SSN»

**YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT.  
DEFENDANT WILL NOT RETALIATE AGAINST YOU FOR PARTICIPATING IN THIS SETTLEMENT.**

**THIS NOTICE AFFECTS YOUR RIGHTS. PLEASE READ IT CAREFULLY.**

*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-captioned class action (“the Action”) filed in the Los Angeles County Superior Court has been reached by FLOWSERVE US, INC., (“Flowserve”) and JOHN ARIAS; JEFFREY HENSLEY (“Plaintiffs”), who are individuals, on behalf of themselves and all others similarly situated, and has been granted Preliminary Approval by the Court supervising the Action. The Los Angeles County Superior Court has ordered that this Class Notice be sent to you because you may be a Settlement Class member and/or an Aggrieved Employee under California’s Private Attorney General Act (“PAGA”) arising out of the alleged wage and hour policies and practices of Flowserve. The purpose of this Class Notice is to inform you of the Settlement of this class action and PAGA claims, and your legal rights under the Settlement as follows:

- Flowserve has agreed to settle a lawsuit brought on behalf of all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee during the period from August 25, 2018 through May 23, 2024 (the “Settlement Class Period”) (hereafter, “Settlement Class”). From the proposed settlement, Flowserve has agreed to pay a PAGA Payment of \$12,500.00, to be distributed pro rata among the employees who worked one or more Workweeks during the period from August 25, 2021 through May 23, 2024.
- The proposed Settlement resolves all alleged claims regarding the following wage and hour policies and/or practices of Flowserve: overtime and/or double time wage, minimum wage, straight time wage, failure to pay for all hours worked, meal and rest breaks and any premiums thereon, wage statement violations, waiting time penalties, or other penalties of any kind arising from an alleged failure to pay wages. Finally, the settlement resolves claims for unfair competition and penalties under California’s Private Attorney General Act (“PAGA”) arising out of the alleged wage and hour policies and practices of Flowserve. The settlement avoids costs and risks to you from continuing the lawsuit, pays money to employees, and releases Flowserve from liability for these claims.
- The parties in the lawsuit disagree on whether Flowserve 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:**

<b>Get a Payment</b>	If you are a member of the Settlement Class, you will automatically receive a payment if you do not exclude yourself. If you accept a payment and do not exclude yourself you will give up certain rights as set forth on page 4 below. 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 below.
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<b>Exclude Yourself</b>	Get no payment. Send a letter to the Settlement Administrator as provided below. This is the only option that allows you to bring your own claim against Flowserve about the legal claims in this case. The Settlement will bind all Settlement Class Members who do not request exclusion.
<b>Object</b>	Write to the Court about why you do not like the settlement. Directions are provided below.

### **WHY DID YOU RECEIVE THIS NOTICE?**

This notice explains the 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.

### **WHAT IS THIS LAWSUIT ABOUT?**

Plaintiff filed this lawsuit in Los Angeles County Superior Court on behalf of the Settlement Class and the Aggrieved Employees. The lawsuit alleges that members of the Settlement Class and Aggrieved Employees were not paid for or properly provided meal and rest breaks, were not issued accurate wage statements, were not paid all minimum, straight time, and overtime wages, were not paid all wages due at termination and/or resignation and were subjected to unfair competition. The lawsuit seeks recovery of wages, restitution, statutory and civil penalties, interest, and attorneys' fees and costs.

Flowserve denies any liability or wrongdoing of any kind associated with the claims alleged in the lawsuit. Flowserve contends, among other things, that they complied at all times with the California Labor Code, the California Business and Professions Code, and all other applicable law. Flowserve further denies that the lawsuit is appropriate for class treatment for any purpose other than settling this lawsuit.

The Court has made no ruling and will make no ruling on the merits of the Litigation and its allegations and claims.

### **SUMMARY OF THE SETTLEMENT**

#### **A. Why is there a Settlement?**

The Court did **not** decide in favor of the Plaintiff or Flowserve. Plaintiff thinks he would have prevailed on his claims at a trial. Flowserve does not think that Plaintiff would have won anything from a trial. But there was no trial. Instead, both sides agreed to a settlement. That way, they avoid the costs, risks, and uncertainty of a trial, and the class members will get compensation. Plaintiff and Plaintiff's attorneys believe the settlement is fair, reasonable, adequate, and in the best interests of all class members.

#### **B. Who is in the Class?**

The Settlement Class consists of all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee during the Settlement Period from August 25, 2018 through May 23, 2024 and all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee from August 25, 2021 through May 23, 2024 (the "PAGA Period").

#### **C. What does the Settlement provide?**

##### **1. Settlement Amount**

Flowserve will pay a total of One Million Ninety-Seven Thousand Six Hundred Ninety-Four Dollars and Ten Cents (\$1,097,694.10) (the "Settlement Amount") to settle the lawsuit.

The following sums will be paid from the Settlement Amount: all Net Settlement Payments (inclusive of all employment taxes and all other legally required withholdings that would otherwise be due from the individual Class Members) to the Settlement Class, Attorneys' Fees (not to exceed 33 ⅓ % of the Settlement Amount, or \$365,898.03), Litigation Expenses not to exceed \$20,000.00, Settlement Administrative Costs estimated in an amount not to exceed \$8,500.00, the PAGA

Settlement Payment in the amount of \$37,500.00, and an enhancement payment to the Named Plaintiffs not to exceed \$15,000.00 (therefore, \$5,000.00 each). Any and all Employer Taxes which Flowserve normally would be responsible for paying on the Net Settlement Payments made to individual Class Members will be paid by Flowserve independent of the Settlement Amount.

The funds used for the Settlement Amount shall be paid to the Settlement Administrator. The Settlement Administrator shall disburse the Court-approved enhancement to the Named Plaintiff, Court-approved Attorneys' Fees and Litigation Expenses, Settlement Administration Costs, and the PAGA Settlement Payment at the same time and manner as the Net Settlement Payments to the Settlement Class members.

## 2. Net Settlement Amount

"Net Settlement Amount" means the Settlement Amount minus the Attorneys' Fees, Litigation Expenses, Settlement Administrative Costs, the portion of the PAGA Settlement payment payable to the Labor and Workforce Development Agency, and the enhancement payment to the Named Plaintiff.

## 3. Your Individual Class Payment Amount.

The Settlement Administrator will calculate the total number of workweeks for all Class Members who were employed by Flowserve during the Settlement Class Period ("Total Workweeks"). A Workweek is defined as any week during which a Settlement Class Member worked for Flowserve US Inc. for at least one day, during the Class Period. Participating Settlement Class Members are Settlement Class Members who do not "opt out" (as defined on page 5 below) during the Settlement Class Period. The value of each Workweek shall be determined by the Administrator by dividing the Net Settlement Amount by the total number of Workweeks available to the Class Members who do not "opt out" (as defined on page 5 below) during the Settlement Class Period ("Workweek Point Value"). Non-Participating Settlement Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Settlement Class Members on a pro rata basis.

An "Individual Class Payment" for each Participating Settlement Class Member will then be determined by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Settlement Class Members during the Class Period and (b) multiplying the result by each Participating Settlement Class Member's Workweeks.

The Net Settlement Amount available for Class Member settlement payments is estimated to be \$638,296.07, for a class of 371 persons. As a result, each Settlement Class Member is eligible to receive an average net benefit of approximately \$1,721.82.

## 4. Your Individual PAGA Payment Amount

Individual PAGA Payments will be calculated and apportioned from the 25% share of the PAGA Penalties based on the Aggrieved Employees' PAGA Pay Periods, as follows: The Settlement Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of the PAGA Penalties (\$12,500.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods.

## 5. Estimated Payments May Be Subject to Change; Escalator Clause

Estimated payments may be subject to change if the escalator clause is triggered.

Based on its records, Flowserve estimates that, as of the date of this Settlement Agreement, (1) there are approximately 317 Settlement Class Members and (2) there are approximately 240 Aggrieved Employees. If, as of the end of the Class Period, the actual Class size is more than 10% of this estimate (i.e., 347 or more Settlement Class Members), the Gross Settlement Amount shall increase based on the average gross payout paid to individual Settlement Class Members.

## 6. 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, Net

Settlement Payments will be allocated as follows: One Third (1/3) of each Participating Settlement Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). One Third (1/3) of each Participating Settlement Class Member's Individual Class Payment will be allocated to settlement of claims for interest, and One Third (1/3) as penalties (the "Non- Wage Portions"). Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by the Internal Revenue Code and the California Franchise Tax Board.

The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. Flowserve will separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Settlement Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment. Any payment for an Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, will not be subject to taxes or withholdings, and will be reported on an IRS Form-1099, if necessary. The Administrator will have the option to pay the Individual Settlement Payment and Individual PAGA Payment by way of a single check. Settlement Class Members should consult with their tax advisors concerning the tax consequences of the payment they receive under the Settlement.

7. What are you giving up to get a payment and stay in the Class?

Effective on the date when Flowserve fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Settlement Class Members, and Class Counsel will release claims against all Released Parties as follows:

Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to: (a) all claims that were, or reasonably could have been alleged, based on the facts contained in the Operative Complaint or ascertained during the Class Action, PAGA Action, Plaintiffs' respective PAGA Notices, or ascertained during the Class Action and PAGA Action and released under 5.2, below. ("Plaintiffs' Release.") Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agrees, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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.

Released Class Claims: All Participating Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action including, any and all claims involving any alleged: (1) failure to pay minimum wage and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; and (7) unfair business practices. The Released Class Claims do not include any Released PAGA Claims. Except as set forth in Section 5.3 of this Agreement, Participating Settlement Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

Released PAGA Claims: All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties

from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, and the PAGA Notice and ascertained in the course of the of the Class Action and PAGA Action, including, (1) failure to pay minimum wage and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) unfair business practices; and (8) failure to reimburse necessary business expenses.

### **THE FINAL APPROVAL HEARING**

The Court will conduct a Final Approval Hearing regarding the proposed settlement (the “Final Approval Hearing”) on October 17, 2024 at 9:00 a.m., at Spring Street Courthouse, 312 N. Spring Street, Los Angeles, California 90012, in Department 17 of the Los Angeles 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 costs to Plaintiff’s counsel; (iv) the amount that should be provided to the Settlement Administrator for the costs of administering the Settlement; and (v) 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.

The Final Approval Hearing may be continued without further notice to the Class. You may contact Plaintiff’s 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 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 MEMBER OF THE SETTLEMENT CLASS AND WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT, THEN YOU DO NOT HAVE TO DO ANYTHING AND YOU WILL AUTOMATICALLY RECEIVE A SETTLEMENT PAYMENT. YOU ARE NOT REQUIRED TO GO TO COURT OR PAY ANYTHING TO THE LAWYERS IN THIS CASE.**

The estimated amount of your Settlement Payment is set forth on the Workweek Dispute Form which accompanies this Notice.

The amount of the Settlement Payment paid to each Settlement Class member is based upon the number of workweeks you worked between August 25, 2018 through May 23, 2024. The number of workweeks applicable to your claim is also set forth on the accompanying Workweek Dispute Form. If you believe that the number of workweeks stated is incorrect, you may dispute the number of workweeks by following the instructions on the Workweek Dispute Form. If you believe that the number of 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 in Section D above.

- **OPTION 2 – EXCLUDE YOURSELF FROM THE SETTLEMENT**

You have a right to exclude yourself (“opt out”) from the Settlement Class, 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 Flowserve, subject to time limits called statute of limitations and other potential defenses that Flowserve may assert, and to pursue your own claims in a separate suit. You can opt out of the Settlement Class by completing the form on Page 8 of this Notice and mailing it by First Class U.S. Mail or equivalent to the Settlement Administrator at the following address: *Arias & Hensley v. Flowserve Us, Inc.* c/o CPT Group, Inc. 50 Corporate Park Irvine, CA 92606. To be valid, your request for exclusion must be postmarked no later than September 16, 2024.

• **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. You may also appear at the Final Approval Hearing, either in person or through an attorney at your own expense.

Any written objection may be mailed to the Settlement Administrator at *Arias & Hensley v. Flowserve Us, Inc.* c/o CPT Group, Inc. 50 Corporate Park Irvine, CA 92606 by September 16, 2024.

**PLAINTIFFS’/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 Award or future correspondence concerning this Action to be sent to a different address, you must supply your preferred address to the Settlement Administrator at:

Arias & Hensley v. Flowserve Us, Inc.  
c/o CPT Group, Inc.  
50 Corporate Park  
Irvine, CA 92606

**ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?**

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 of Settlement” which is available for viewing online on the following website:

URL: [www.cptgroupcaseinfo.com/flowserveussettlement](http://www.cptgroupcaseinfo.com/flowserveussettlement)

The pleadings and other records in the lawsuit are also available on the website.

**ANY INQUIRIES REGARDING THIS LITIGATION SHOULD BE MADE TO PLAINTIFF’S COUNSEL LISTED ABOVE OR TO THE SETTLEMENT ADMINISTRATOR, Arias & Hensley v. Flowserve Us, Inc. c/o CPT Group, Inc. 50 Corporate Park Irvine, CA 92606. Please refer to the John Arias; Jeffrey Hensley v. Flowserve Class Action Settlement.**

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