

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into by and between Plaintiff R. Kemp (“Class Representative”), individually and on behalf of all others similarly situated, and Defendant Accurate Background, LLC (“Defendant”) (together with Class Representative, the “Parties”).

RECITALS AND BACKGROUND

WHEREAS, on March 10, 2021, Class Representative filed a Complaint in Orange County Superior Court, with subsequent amended complaints to follow, in which Class Representative alleged claims under the California Investigative Consumer Reporting Agencies Act (“ICRAA”), Consumer Credit Reporting Agencies Act (“CCRAA”), and Unfair Competition Law (“UCL”) against Defendant, on behalf of himself and others purportedly similarly situated;

WHEREAS, the Class Representative sought recovery of, among other things, actual damages, statutory damages, punitive damages, injunctive relief, attorneys’ fees, and costs on behalf of himself and the purported class members;

WHEREAS, Defendant denies any and all allegations and liability contained in the Complaint and further denies that class certification is appropriate in this Litigation. Defendant specifically denies that it engaged in a violation of the ICRAA, CCRAA and/or UCL, particularly that Defendant was willful, and specifically denies the claims asserted by the Class Representative are suitable for class treatment other than for settlement purposes. This Agreement and any injunctive relief agreed to by Defendant shall not constitute an admission or evidence of wrongdoing or liability on the part of Defendant. Nonetheless, without admitting or conceding liability, Defendant has agreed to settle the Litigation on the terms and conditions set forth in this Agreement in order to avoid the burden, expense, and uncertainty of continuing the Litigation;

WHEREAS, the Parties have conducted extensive informal and formal discovery, and argued the legal merits of the claims in the California State Trial Court, and Court of Appeal, and Defendant sought Petition for Review with the California Supreme Court;

WHEREAS, Class Counsel have analyzed and evaluated the merits of the claims made against Defendant in the Litigation, and the impact of this Agreement on the Class Representative and the Class Members;

WHEREAS, based upon their analysis and their evaluation of a number of factors, and recognizing the substantial risks of continued litigation with respect to certain claims, including the possibility that the Litigation, if not settled now, might result in a recovery that is less favorable to the Class, and that would not occur for several more years, if at all, Class Counsel is

satisfied that the terms and conditions of this Agreement are fair, reasonable, and adequate and that this Agreement is in the best interests of the Class.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, as well as the good and valuable consideration provided for herein, the Parties agree to a full and complete settlement of the Litigation on the following terms and conditions:

1. DEFINITIONS

The defined terms set forth in this Agreement have the meanings ascribed to them below.

- A. **Agreement.** “Agreement” or “Settlement” means this Settlement Agreement and Release.
- B. **Bar Date.** “Bar Date” means the date that is sixty (60) days from the initial mailing of the Notice, except for Class Members to whom Notice is re-mailed, for whom the Bar Date shall be the later of sixty (60) days from the initial mailing or thirty (30) days from the date of re-mailing, whichever is later. Notwithstanding the foregoing, any re-mailing must be made within the original sixty (60) day period.
- C. **Claim Form.** “Claim Form” means the Court-approved Claim Form, as authorized in the Preliminary Approval Order, substantially in the form set forth as **Exhibit B** hereto.
- D. **“Class.”** “Class” shall mean the Class Members, including the Class Representative.
- E. **Class Member(s).** “Class Member(s)” means all individuals who were subject to an investigative consumer report or consumer credit report prepared by Defendant in California between March 10, 2019, and June 19, 2023, with the report containing a criminal conviction where, with respect to the conviction: (1) the individual was discharged from parole in the seven year period prior to the report date, and where (2) the individual’s release from incarceration and placement onto parole occurred more than seven years before the date of the report. The Class is limited to no more than 310 individuals.
- F. **Claiming Class Member.** “Claiming Class Member” means any individual who submits a timely Claim Form, who is to be paid an amount to be determined by calculating the Net Settlement Fund divided by the number of Claiming Class

Members' shares of the settlement fund. Every Claiming Class Member will be entitled to one share of the settlement fund.

- G. Class Counsel.** "Class Counsel" means Outten & Golden LLP.
- H. Class List.** "Class List" means a list of all Class Members, including their names, last known addresses, last known telephone numbers, last known personal email addresses, last four digits of their social security numbers, and date associated with the Class Member's investigative consumer report or consumer credit report prepared by Defendant, to the extent each item of information is reasonably available in Defendant's records.
- I. Complaint.** "Complaint" means the Second Amended Complaint that Class Counsel filed in the Superior Court of California, Orange County, on July 6, 2021.
- J. Court.** "Court" means the Orange County Superior Court.
- K. Cy Pres.** "Cy Pres" means Anti-Recidivism Coalition (ARC), with the funds designated for non-litigation purposes.
- L. Days.** "Days" means calendar days, unless otherwise noted.
- M. Defendant.** "Defendant" means Accurate Background, LLC.
- N. Defendant's Counsel.** "Defendant's Counsel" means Troutman Pepper Hamilton Sanders LLP.
- O. Effective Date.** The "Effective Date" refers to the date upon which both of the following have occurred: (i) approval of the Settlement is granted by the California Superior Court, County of Orange, or other court assuming jurisdiction of this matter, through entry of the Final Approval Order, and (ii) the Court's Judgment approving the Settlement becomes Final. Final shall mean the latest of: (i) if there is an appeal of the Court's Judgment, the date the Judgment is affirmed on appeal, the date of dismissal of such appeal, or the expiration of the time to file a petition for writ of certiorari to the United States Supreme Court or California Supreme Court; (ii) if a petition for writ of certiorari is filed, the date of denial of the petition for writ of certiorari, or the date the Judgment is affirmed pursuant to such petition; or (iii) if no appeal is filed, the expiration date of the time for filing or noticing any appeal of the Judgment; *i.e.*, sixty (60) days from entry of the

Judgment. No money from the Settlement Fund will be distributed unless and until the Effective Date occurs.

- P. Fairness Hearing.** “Fairness Hearing” means the hearing before the Court relating to the Motion for Final Approval.
- Q. Final Approval Order.** “Final Approval Order” means the Order entered by the Court after the Fairness Hearing, approving the terms and conditions of this Agreement.
- R. Individual Settlement Amount.** “Individual Settlement Amount” means the payment to be distributed to each Claiming Class Member in accordance with the allocation formula set forth in Section 9.3A, and to be distributed by the Settlement Administrator from the Net Settlement Fund.
- S. Litigation.** “Litigation” means the civil action that Class Representative commenced in the Superior Court of California, Orange County on March 10, 2021 captioned *R. Kemp, on behalf of himself and all those similar situated v. Accurate Background, LLC, No. 30-2021-01188280-CU-OE-CXC*.
- T. Class Representative.** “Class Representative” or means the plaintiff in this action, R. Kemp.
- U. Net Settlement Fund.** “Net Settlement Fund” means the Total Settlement Amount less: (1) Court-approved Service Award for the Class Representative; (2) Court-approved attorneys’ fees and costs; and (3) Settlement Administration Costs.
- V. Notice.** “Notice” means the Court-approved Notice of Proposed Settlement of Class Action Lawsuit, as authorized in the Preliminary Approval Order, substantially in the form set forth as **Exhibit A** hereto.
- W. Notice Date.** The date by which the Settlement Administrator shall send out the Notice to the Class. This date is no later than fourteen (14) days after the Settlement Administrator receives the Class List from Defendant.
- X. Objection.** “Objection” means a written objection made by a Class Member to this Settlement.

- Y. Objector.** “Objector” means an individual who properly files a timely objection to this Agreement. Objector does not include any individual who opts out of this Agreement.
- Z. Objection Deadline.** The date that is sixty (60) days from the Notice Date.
- AA. Opt-Out Deadline.** The date that is sixty (60) days from the Notice Date.
- BB. Opt-Out Statement.** “Opt-Out Statement” is a written, signed statement that an individual Class Member submits, which properly indicates that the individual Class Member has decided to opt out of the Settlement and not be included in this Agreement.
- CC. Parties.** “Parties” are the Class Representative and Defendant.
- DD. Preliminary Approval Order.** “Preliminary Approval Order” means the Order entered by the Court (1) preliminarily certifying the Class solely for purposes of effectuating the Agreement; (2) preliminarily approving the terms and conditions of this Agreement; (3) appointing Class Counsel as defined above; (4) directing the manner and timing of providing Notice to the Class Members; and (5) setting dates to effectuate the terms of this Agreement, including the date of the Fairness Hearing.
- EE. Preliminary Approval Motion:** “Preliminary Approval Motion” refers to the motion Class Counsel will file seeking preliminary settlement approval of the Settlement.
- FF. Released Parties.** “Released Parties” means Defendant, all of Defendant’s past, current and future parents, affiliates, including predecessors, successors, assigns, and each of those parties’ respective past, current, and future employees, officers, directors, members, managers, agents, subcontractors, attorneys, insurers, claims administrators, subsidiaries, divisions, parent companies, holding companies or affiliated corporations, partnerships, limited liability companies or other organizations, and their insurers.
- GG. Released Class Claims.** “Released Class Claims” means all claims of any kind including all damages, injunctive relief, and any possible attorney’s fees or costs under Section 1786.18(a)(7) of the ICRAA, Section 1785.13(a)(6) of the CCRAA, or the UCL, and any state or federal analogs, that could have been brought based

on the allegations in the Complaint. The Released Class Claims include all claims within the scope of the release through the Effective Date.

- HH. Service Award.** “Service Award” means Court-approved compensation awarded to Class Representative for his role in the case.
- II. Settlement Administration Costs.** “Settlement Administration Costs” means all notice and administration-related costs, which will be paid out of the Settlement Fund.
- JJ. Settlement Administrator.** “Settlement Administrator” means the company selected by Class Counsel, subject to reasonable approval by Defendant, through competitive bidding, and unaffiliated with either party or any involved law firms, retained to administer Notice and distribution of settlement monies.
- KK. Settlement Check.** “Settlement Check” means the check issued to each Claiming Class Member for their share of the Net Settlement Fund, calculated in accordance with this Agreement.
- LL. Settlement Fund.** “Settlement Fund” means the interest-bearing account established by the Settlement Administrator for the Total Settlement Amount paid by Defendant. The Settlement Fund will be controlled by the Settlement Administrator subject to the terms of this Agreement and the Court’s Orders for Preliminary and Final Approval.
- MM. Settlement Website:** This refers to the settlement website the Settlement Administrator will establish at “www.7yearclass.com” or if that website url is unavailable, another url proposed by the Settlement Administrator and agreed to by parties. The parties also agree to consider in good faith any alternative urls proposed by the Settlement Administrator that, in its judgment, might fit the needs of the case if the url above is unavailable.
- NN. Total Settlement Amount.** “Total Settlement Amount” means the total amount paid by Defendant in connection with the Litigation and this Agreement, and includes payments to the Class Members to resolve their claims, inclusive of the Service Award to Class Representative, attorneys’ fees and costs, and the Settlement Administration Costs. In no event shall the Total Settlement Amount exceed \$2,525,000.

2. APPLICATION FOR PRELIMINARY APPROVAL

- A. Timing.** Class Counsel shall file the Preliminary Approval Motion within 30 days of the execution of this Agreement unless the parties jointly agree to additional time.
- B. Preliminary Approval Motion.** The Preliminary Approval Motion shall include (1) the proposed Notice and Claim Form, attached hereto as Exhibits A and B; (2) a proposed Preliminary Approval Order; (3) an executed version of this Agreement; and (4) the necessary documents, memorandum, affidavits, and other exhibits for purposes of certifying the Class for settlement purposes only and preliminarily approving the Agreement. The Preliminary Approval Motion will seek the setting of a Fairness Hearing for final approval of the Settlement before the Court at the earliest practicable date.
- C. Review.** Class Counsel shall provide Defendant's Counsel with drafts of the Memorandum of Law in Support of Preliminary Approval Motion and proposed Preliminary Approval Order at least five (5) days before filing the Preliminary Approval Motion, and Defendant shall provide any proposed edits for Class Counsel's consideration no later than three days (3) thereafter. The Parties agree to meet and confer in good faith in the event there are disputes over any of Defendant's edits to the preliminary approval papers.

3. SETTLEMENT ADMINISTRATOR

- A. Retention.** The Settlement Administrator will be selected by Class Counsel through competitive bidding, subject to reasonable approval by Defendant, and unaffiliated with either party or any involved law firms.
- B. Settlement Administration Costs.** Settlement Administration costs, including all notice and administration related costs, up to a not-to-exceed cap of \$25,000, shall be paid out of the Settlement Fund. In no event shall Defendant be otherwise liable for any Settlement Administration costs, regardless of whether they exceed the cap.

C. Responsibilities of the Settlement Administrator. The Settlement Administrator shall be responsible for: disseminating to Class Members the Notice and Claim Form, as provided herein; performing skip traces and resending, within a reasonable period of time no later than seven (7) days of receipt, any Notice returned without a forwarding address or resending to those with a new forwarding address; responding to requests or communications made by the Parties; preparing, monitoring, and maintaining a telephone number with phone answerers; maintaining the Settlement Website, which shall contain copies of the Agreement and Exhibits, including the Notice in the same or substantially the same form as Exhibit A hereto, in addition to permitting individuals to submit a Claim Form electronically and choose electronic payment options; promptly furnishing to counsel for the Parties copies of any Objections and Opt-Out Statements that the Settlement Administrator receives; keeping track of Claim Forms, Opt-Out Statements, Objections, and other correspondence, including maintaining the original mailing envelope in which the request was mailed; distributing the Settlement Checks to Claiming Class Members; preparing, sending, and/or wire transferring Class Counsel's Court-approved attorneys' fees and costs; mailing or wiring the Court-approved Service Award in accordance with this Agreement and the Final Approval Order; referring to Class Counsel all inquiries by Class Members regarding matters not within the Settlement Administrator's duties specified herein; responding to the inquiries of Class and Defendant's Counsel consistent with the Settlement Administrator's duties specified herein; promptly apprising counsel for the Parties of the activities of the Settlement Administrator; maintaining adequate records of its activities, including the dates of the mailing of Notices, returned mail and other communications and attempted written or electronic communications with Class Members, confirming in writing to Class Counsel and Defendant's Counsel its completion of the administration of the Agreement; timely responding to communications from the Parties and their counsel; calculating the Individual Settlement Amounts; reporting on the status of the Settlement to the Parties on a weekly basis (including, but not limited to, the number of Notices mailed, returned as undeliverable, and re-mailed; the number of Opt-Out Statements received; and any other pertinent information); notifying counsel for all Parties of all timely and untimely submissions; providing a compliance affidavit in connection with the application for Final Approval; locating Class Members, including calling Class Members, if necessary; establishing and administering the Settlement Fund; calculating and paying, as provided herein, all appropriate taxes and complying with all applicable tax reporting obligations, including preparing and filing all applicable tax forms; providing Claim Forms to Counsel for the Parties; and such other tasks as set forth herein, or as the Parties mutually agree. The Settlement

Administrator shall pay the upfront costs of notice and administration subject to later reimbursement from the Total Settlement Amount as provided herein. However, the Parties shall split any reimbursement of actual out of pocket costs of the Settlement Administrator if the Settlement is not finally approved.

- D. Access to the Settlement Administrator.** The Parties will have equal access to the Settlement Administrator and all information provided to the Settlement Administrator. Defendant agrees to cooperate with the Settlement Administrator to facilitate Defendant's obligations in this Agreement.

4. NOTICE

- A. Class List.** Within seven (7) days of the Preliminary Approval Order, Defendant's Counsel shall provide the Settlement Administrator and Class Counsel with the Class List.
- B. Notice Content.** The Notice will include a description of the claims and this Agreement, an estimate of each Class Member's Individual Settlement Amount, and details regarding the opportunity to receive a Settlement Check, the opportunity to object or opt out, and/or the opportunity to appear at the Fairness Hearing.
- C. Notice Distribution.** By the Notice Date, the Settlement Administrator shall send the Court-approved Notice and Claim Form to all Class Members via First Class United States Mail and email and text (where such contact information exists on the Class List). The Notice will also include a QR code linked to the settlement website. Notice will be sent by text only if the Settlement Administrator agrees in writing to indemnify Defendant if any Class Member asserts a claim against Defendant on grounds that he or she did not consent to receiving a text regarding the settlement (the "Texting Conditions").
- D. Skip Trace and Re-mailing.** The Settlement Administrator will use commercially reasonable means to confirm Class Members' addresses and obtain new addresses as necessary. In the event that a Notice mailed to a Class Member is returned as undeliverable, the Settlement Administrator shall attempt to obtain the correct address of such person, including up to two (2) skip traces, and shall attempt a re-mailing provided it obtains a more recent address. The Settlement Administrator shall also mail and/or email and/or text (if the Texting Conditions are met) a Notice to any Class Member from the Class List who contacts the Settlement Administrator or Class Counsel during the time period between the

initial mailing of the Notice and the Bar Date and requests a Notice and Claim Form. If an individual who was not identified on the Class List contacts the Settlement Administrator or Class Counsel during this time period and claims that he or she qualifies as a Class Member, the Parties will meet and confer over the individual's potential inclusion. Notwithstanding the meet and confer, the settlement is expressly limited to no more than 310 Class Members unless the parties agree to a pro rata increase in the Settlement Fund for additional individuals the Parties agree to include.

- E. **Deadline to Submit a Claim Form.** Class Members have until the Bar Date to submit a Claim Form. Class Members will have the ability to submit a Claim Form via mail, email, fax, or through the Settlement Website.
- F. **Reminder Notice.** Halfway through the notice period, the Settlement Administrator will send a reminder notice by mail, email and text (if the Texting Conditions are met), with a QR code on the Notice (linked to the Settlement Website) to Class Members who have not submitted a Claim Form.

5. CLASS MEMBER OPT-OUTS

- A. Class members must opt-out by the Opt-Out Deadline, should the Class Member choose to opt-out.
- B. Class Members who choose to opt out of the Settlement as set forth in this Agreement must send a signed statement to the Settlement Administrator that states that he or she is opting out of the Settlement, and include his or her name, current mailing address, telephone number, last four digits of their social security number and their signature, and must include a statement indicating his or her intention to opt-out of and be excluded from the settlement, such as "I opt out of the Kemp v. Accurate Settlement." The Opt-Out-Statement can be submitted by First Class United States mail or fax. To be effective, an Opt-Out Statement must be post-marked or otherwise received by the Opt-Out Deadline.
- C. The Settlement Administrator will stamp the received date on the original of each Opt-Out Statement that it receives and shall send copies of each Opt-Out Statement to Class Counsel and Defendant's Counsel by email no later than three (3) days after receipt. The Settlement Administrator shall provide all Opt-Out Statements in its compliance affidavit to be filed with the Application for Final Approval. The Settlement Administrator will retain the stamped originals of all Opt-out Statements and the originals of all envelopes accompanying Opt-Out

Statements in its file until such time as the Settlement Administrator is relieved of its duties under this Agreement.

6. OBJECTIONS TO THE SETTLEMENT

- A.** Class Members must object to the Settlement by the Objection Deadline, should Class Members choose to object.
- B.** Class Members who wish to present objections to the Settlement or the Agreement at the Fairness Hearing must first do so in writing. To be considered, such Objection must be e-mailed or mailed to the Settlement Administrator by First-Class United States Mail and post-marked or otherwise received by the Objection Deadline. The Objection must include all reasons for objecting to the Settlement or the Agreement, and any supporting documentation. The Objection must also include the name, current mailing address, telephone number, last four digits of the social security number and signature of the Objector. The Settlement Administrator will stamp the date received on the original and send copies of each Objection and any supporting documentation, as well as a copy of the Notice mailed to the Objector to Class Counsel and Defendant's Counsel by email no later than three (3) days after receipt of the Objection. A Class Member who opts out may not object. If a Class Member submits an Objection and an Opt-Out Statement, the Objection takes precedence and the Opt-Out Statement will be considered ineffectual.
- C.** An Objector has the right to appear at the Fairness Hearing either on his or her own behalf or through counsel hired by the Objector. An Objector who wishes to appear at the Fairness Hearing must state his or her intention to do so in writing at the time he or she submits her written Objection. An Objector may withdraw his or her Objection at any time.
- D.** The Parties may file with the Court written responses to any filed Objections no later than three (3) days before the Fairness Hearing.

7. FAIRNESS HEARING AND APPLICATION FOR FINAL APPROVAL

- A. Content.** After the Bar Date, in accordance with the schedule set by the Court in the Preliminary Approval Order and in advance of the Fairness Hearing, Class Counsel shall file supporting documents and materials for Final Approval of the Settlement ("Final Approval Motion"). The Final Approval Motion will include a compliance affidavit from the Settlement Administrator; an application for

attorneys' fees, costs, and Service Award; supporting affidavits and documentation from Class Counsel regarding the fairness, adequacy, and reasonableness of the Settlement or any aspect related to this Agreement; and a proposed Final Approval Order. At the Fairness Hearing and through the Final Approval Motion, the Class Representative shall request that the Court, among other things: (1) finally certify the Class for purposes of settlement only; (2) approve the Settlement and this Agreement as fair, reasonable, adequate, and binding on all Class Members who have not timely submitted a valid Opt-Out Statement; (3) order the Settlement Administrator to disburse Settlement Checks to Claiming Class Members in accordance with this Agreement; (4) order the Service Award, Class Counsel attorneys' fees and costs, and the Settlement Administrator's fees and expenses to be paid from the Settlement Fund in accordance with this Agreement; (5) order dismissal with prejudice of the Released Class Claims, in accordance with this Agreement; (6) order entry of the Final Approval Order, in accordance with this Agreement; and (7) retain jurisdiction over the interpretation and implementation of this Agreement as well as any and all matters arising out of, or related to, the interpretation or implementation of this Agreement and of the Settlement contemplated hereby.

8. TERMINATION

A. Grounds for Settlement Termination. Defendant's willingness to settle this Litigation on a class action basis is dependent upon achieving finality in this Litigation and the desire to avoid the expense of this and other litigation. Consequently, the Parties have the right to terminate this Agreement, declare it null and void, and have no further obligations under this Agreement, on the following terms:

i. Failure to Obtain Approval. In the event the Court declines to enter the Preliminary Approval Order or the Final Approval Order, except if the Court declines to enter the Preliminary Approval Order or Final Approval Order due solely to the amount of attorneys' fees sought by Class Counsel or the Service Award sought by the Class Representative, the Parties agree to work together in an effort to resolve any issues identified by the Court in an attempt to reach a modified agreement to resubmit to the Court for approval. If the Parties are unable to reach an agreement, then either Party has the right to terminate the Agreement. This Agreement is not contingent upon approval by the Court of Class Counsel's application for attorneys' fees or the Class Representative's Service Award. If the Court grants Final Approval to the Settlement as set forth in this Agreement, but not the application for attorneys' fees or the Class

Representative's Service Award (or modifies either), the Agreement may not be terminated based on a failure to obtain Final Approval.

ii. **Opt-Outs.** Defendant may terminate the Agreement if more than 20 Class Members opt-out of the Settlement.

iii. **Appeal.** Either party may terminate the Agreement if the Settlement is not upheld at any level of appeal, except if the appellate court declines to uphold the Settlement due solely to the amount of attorneys' fees sought by Class Counsel or the Service Award sought by the Class Representative. In that event, the Parties agree to work together in an effort to resolve any issues identified by the appellate court in an attempt to reach a modified agreement to resubmit for approval. If the Parties are unable to reach an agreement, then either Party has the right to terminate the Agreement. If the appellate court upholds the Final Approval Order, but not the application for attorneys' fees or the Class Representative's Service Award (or modifies either), the Agreement may not be terminated based on a failure to uphold that portion of Final Approval Order on appeal.

iv. **Material Breach.** Either party may terminate the Agreement if the other party commits a material breach of the Settlement before entry of Final Approval.

B. **Procedures for Termination.** To terminate this Agreement as provided in Section 8.A., the terminating Party shall give written notice to the other Party via email and overnight mail.

C. **Effect of Termination.** Termination shall have the following effects:

i. The Agreement shall be terminated as to the Parties and shall have no force or effect.

ii. Defendant shall have no obligation to make any payments to any Party, Class Member, or Class Counsel, except that the Parties shall be jointly responsible for the fees and expenses of the Settlement Administrator for work performed subsequent to the signing of this Agreement.

iii. If the Court grants Preliminary Approval, but not Final Approval, the Settlement Administrator will issue a Court-approved notice to Class Members that the Agreement did not receive Final Approval and that, as a result, no

payments will be made to Claiming Class Members. Such notice shall be sent by the Settlement Administrator via email and First-Class United States Mail, in the same manner in which the Settlement Administrator sent the initial Notice to the respective Class Member.

iv. The Parties may jointly or independently seek reconsideration of a ruling by the Court declining to enter the Preliminary Approval Order or Final Approval Order in the form submitted by the Parties or seek approval of a renegotiated settlement.

v. The Litigation will resume as if no settlement had been attempted and the Agreement and all negotiations, statements, and proceedings relating thereto shall be without prejudice to the right of any of the Parties, all of whom shall be restored to their respective positions prior to the entering of this Agreement. The Preliminary Approval Order approving the Settlement and certifying the Class for settlement purposes only shall be null and void.

9. SETTLEMENT TERMS

- A. **Total Settlement Amount.** Defendant agrees to pay a Total Settlement Amount of Two Million Five Hundred and Twenty-Five Thousand Dollars (\$2,525,000) in accordance with this Agreement.
- B. **Funding.** By no later than seven (7) business days after the Effective Date, Defendant shall deposit the Total Settlement Amount into the Settlement Fund. The Settlement Administrator will act as escrow agent and will have the authority to release the settlement funds from escrow immediately for purposes of administering the Settlement, and to distribute the funds pursuant to the timeframes referenced below.
- C. **Unclaimed Funds.** Any portion of the Net Settlement Amount not distributed as per the terms hereof, including any Settlement Checks not cashed after the expiration of ninety (90) days following issuance of Settlement Checks to Claiming Class Members, shall be distributed equally to the Claiming Class Members who cashed their initial checks, if economically feasible (as determined by the Settlement Administrator) or, if not economically feasible, to the *cy pres* designee. The Settlement Administrator shall transmit any funds remaining in the Net Settlement Fund to Claiming Class Members or the *cy pres*, as appropriate, within thirty (30) days after the expiration of all Settlement Checks (including checks reissued).

- D. Additional Agreements.** As part of this Agreement, Defendant has agreed to modify its reporting policies with respect to the date of parole, which will be represented to the Court in Class Counsel's settlement approval papers.

9.1 Attorneys' Fees, Expenses and Costs

- A.** At the Fairness Hearing and through the application for Final Approval, Class Counsel will petition the Court for an award of attorneys' fees of up to one-third of the Total Settlement Amount, plus reimbursement of actual litigation expenses and costs, all of which are to be paid from the Settlement Fund.
- B.** The substance of Class Counsel's application for attorneys' fees and costs is to be considered separately from the Court's consideration of the fairness, reasonableness, adequacy, and good faith of the Settlement. The outcome of any proceeding related to Class Counsel's application for fees and costs shall not terminate this Agreement or otherwise affect the Court's ruling on the Motion for Final Approval. Any amount not approved by the Court will become part of the Net Settlement Fund to be distributed to Claiming Class Members.
- C.** Payment to Class Counsel of Court-approved fees and costs from the Total Settlement Amount shall be made by the Settlement Administrator fourteen (14) business days after the Effective Date.

9.2. Service Award

- A.** In return for his services rendered to the Class, Class Representative will apply to the Court to receive up to Twenty Thousand Dollars (\$20,000) as a Service Award to be paid from the Settlement Fund.
- B.** The application for a Service Award is to be considered separately from the Court's consideration of the fairness, reasonableness, adequacy, and good faith of the Settlement. The outcome of the Court's ruling on the application for the Service Award will not terminate this Agreement or otherwise affect the Court's ruling on the Motion for Final Approval, Final Approval Order, or the fairness or reasonableness of this Agreement. Any amount not approved by the Court will become part of the Net Settlement Fund to be distributed to Claiming Class Members.
- C.** The Class Representative will execute a general release as set forth in Section 10(B), in consideration for receipt of the Service Award.

- D. The Settlement Administrator will mail or wire the Court-approved Service Award to the Class Representative within fourteen (14) business days after the Effective Date.

9.3. Claiming Class Member Payments

- A. **Allocation.** Each Claiming Class Member's proportionate share of the Net Settlement Fund shall be determined by the Settlement Administrator pursuant to the following formula: each individual who submits a timely Claim Form is to be paid an amount to be determined by dividing the amount of the Net Settlement Fund by the number of the Claiming Class Member's shares of the settlement fund. Every Claiming Class Member will be entitled to one share of the settlement fund.
- B. **Timing of Payments.** Fourteen (14) business days after the Effective Date, the Settlement Administrator will mail Settlement Checks to all Claiming Class Members. The checks must clearly state that they shall be void if not presented for payment within ninety (90) days from the date of mailing.
- C. **Check Cashing Period.** Claiming Class Members will have ninety (90) days from the date the Settlement Checks are issued by the Settlement Administrator to cash, deposit, or otherwise negotiate their Settlement Check.
- D. **Check Cashing Reminders.** The Settlement Administrator will send reminders via email and text (if the Texting Conditions are met) and First-Class United States Mail forty-five (45) days after the issuance of Settlement Checks to Claiming Class Members who have not yet cashed their Settlement Check reminding them to cash their Settlement Check prior to the ninety (90) day deadline. To the extent that checks are not presented for payment by a Claiming Class Member within ninety (90) days of mailing, such checks remaining uncashed on that date shall become null and void, and any such Claiming Class Member shall have no further recourse unless the parties agree to a check reissuance.

9.4. Tax Characterization of Payments

- A. For tax purposes, the payments to Claiming Class Members pursuant to Section 9.3 shall be treated as 1099 non-wage income as statutory penalties. Such payments shall be made without withholding and shall be reported to the IRS and the payee, to the extent required by law as determined by the Settlement Administrator, under the payee's name and social security number on an IRS Form 1099. Payment of attorneys' fees and costs pursuant to Section 9.1 shall be made without withholding. Class Counsel will receive a Form 1099 for this

payment. Payment of Service Awards pursuant to Section 9.2 will be reported as deemed appropriate by the Settlement Administrator. Class Counsel and Class Representative must provide the Settlement Administrator information necessary to issue Forms 1099 to the extent the Settlement Administrator determines such issuance is required. Claiming Class Members shall be required to provide any information the Settlement Administrator deems necessary to comply with its tax reporting obligations, if any, to the extent such information is not already supplied in the Class List.

- B. Individual tax responsibility for Individual Settlement Amounts received-pursuant to Section 9.3 shall be the sole responsibility of the Claiming Class Member who receives such payment as to their individual payment obligations.

10. RELEASE

- A. **Class Member Release.** By operation of the Final Approval Order, each Class Member, on his or her behalf and on behalf of his or her respective, current, former and future heirs, spouses, executors, administrators, agents, and attorneys forever and fully releases the Released Parties from the Released Class Claims. There is no admission of liability by the Released Parties.
- B. **Class Representative Release.** By the execution of this Agreement, Class Representative, in exchange for the consideration described above, for himself, and his past, present and future representatives, attorneys, agents, heirs, executors, administrators, successors and assigns, and all those claiming by, through or under him, fully, finally and forever releases and discharges the Released Parties of and from any and all claims, counterclaims, remedies, liabilities, debts, demands, costs, expenses, attorneys' fees, set-offs and third-party actions of any kind or nature whatsoever, whether known or unknown, matured or unmatured, foreseen or unforeseen, suspected or unsuspected, accrued or unaccrued, which the Class Representative ever had or now has against the Released Parties through Effective Date.
- C. **California Civil Code § 1542.** Class Representative and Class Members acknowledge that they are familiar with Section 1542 of the California Civil Code, which provides 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.

Class Representative and Class Members waive and relinquish any right or benefit that they might have had under Section 1542 of the California Civil Code, and all similar provisions of law of other jurisdictions, to the full extent that Class Representative and Class Members can lawfully waive each and all such rights and benefits pertaining to the subject matter of this Agreement.

In connection with such waiver and relinquishment, Class Representative and Class Members acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Agreement, but that it is their intention to settle and release all Released Class Claims, known or unknown, suspected or unsuspected, which now exist or have existed. The releases herein shall remain in effect as full and complete releases with respect to all released claims, notwithstanding the discovery or existence of any additional or different facts that Class Representative or Class Members do not currently know.

11. DENIAL OF LIABILITY

- A. Defendant has agreed to the terms of this Agreement without in any way acknowledging any fault or liability, and with the understanding that terms have been reached because this Settlement will avoid further expenses and disruption of Defendant's business due to the pendency and expense of litigation. Nothing in this Agreement shall be deemed or used as an admission of liability by Defendant, nor as an admission that a class should be certified for any purposes other than settlement purposes.

12. INTENT TO RESOLVE ENTIRE LAWSUIT

- A. The Parties expressly agree that the intent of this Settlement is to resolve the Litigation in its entirety, that after Final Approval the Litigation will be dismissed with prejudice and no claims or defendants shall remain. The Parties shall take all reasonable steps to accomplish this result and intent.

13. INTERPRETATION AND ENFORCEMENT

- A. **Cooperation Between the Parties; Further Acts.** The Parties shall reasonably cooperate with each other and shall use their reasonable best efforts to obtain the Court's approval of this Agreement and all of its terms. Each Party, upon the request of any other Party, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this Agreement.

- B. Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties with regard to the subject matter contained herein, and all prior and contemporaneous negotiations and understandings of the Parties regarding the subject matter of the Agreement shall be deemed merged into this Agreement.
- C. Binding Effect.** This Agreement shall be binding upon the Parties; and Defendant's successors and/or assigns will be bound by this Agreement as well.
- D. Arm's Length Transaction; Materiality of Terms.** The Parties have negotiated all the terms and conditions of this Agreement at arm's length. All terms and conditions of this Agreement in the exact form set forth in this Agreement are material to this Agreement and have been relied upon by the Parties in entering into this Agreement, unless expressly stated.
- E. Captions.** The captions or headings of the sections and the paragraphs of this Agreement have been inserted for convenience of reference only and shall have no effect upon the construction or interpretation of any part of this Agreement.
- F. Governing Law.** This Agreement shall in all respect be interpreted, enforced, and governed by and under the laws of the State of California, without regard to choice of law principles, except to the extent that the law of the United States governs any matter set forth herein, in which case such federal law shall govern.
- G. Waiver, etc. to Be in Writing.** No waiver, modification, or amendment to the terms of this Agreement, whether purportedly made before or after the Court's approval of this Agreement, shall be valid or binding unless in writing, signed by or on behalf of all Parties, and then only to the extent set forth in such written waiver, modification, or amendment. Any failure by any Party to insist upon the strict performance by the other Party of any of the provisions of this Agreement shall not be deemed a waiver of future performance of the same provisions or of any of the other provisions of this Agreement and, such Party, notwithstanding such failure, shall have the right thereafter to insist upon specific performance of any and all provisions of this Agreement.
- H. Counterparts.** The Parties may execute this Agreement in counterparts, and execution in counterparts shall have the same force and effect as if all Parties had signed the same instrument.
- I. Signatures.** This Agreement is valid and binding only if signed by the Parties and their authorized representatives.
- J. Facsimile, Fax, and Email Signatures.** Any Party may execute this Agreement by signing or causing its counsel to sign on the designated signature block below

and transmitting that signature page via facsimile, email, or other electronic means to counsel for the other Party. Any signature made and transmitted by facsimile, email, or other electronic means for the purposes of executing this Agreement shall be deemed an original signature for purposes of this Agreement and shall be binding upon the Party whose counsel transmits the signature page.

- K. Construction.** The determination of the terms and conditions of this Agreement has been by mutual agreement of the Parties. Each Party participated jointly in the drafting of this Agreement, and therefore the terms and conditions of this Agreement are not intended to be, and shall not be, construed against any Party by virtue of draftsmanship.
- L. Disputes Over Settlement Terms.** Disagreements between the Parties as to the written terms of the Agreement shall be presented to a mediator to provide guidance to the Parties before any Party seeks recourse otherwise.

WE AGREE TO THESE TERMS,

DATED: ^{April 5, 2024} _____, 2024

ACCURATE BACKGROUND, LLC

By: DocuSigned by:
Tiffany Willis
17F71AA3FE1E41A... _____

Its: Tiffany Willis _____

Randy Kemp

DATED: 03/06, 2024

R. KEMP