

CLASS ACTION SETTLEMENT AGREEMENT AND RELEASE

I. Recitals.

A. Introduction. This class action settlement agreement and release (the “Settlement Agreement”) is entered into by and among Defendants Diamond Freight Systems, Inc., Northwest Freight and Parcel LLC, Parminder Thind, Rajiv Sauson, and Tony Mountaintes (collectively “Defendants”) and the Named Plaintiffs Jason Tschosik, Jurgen Thiede, and Amy Thomas (collectively “Plaintiffs”), who are acting both individually and in their capacities as the proposed Class Representatives for a proposed Settlement Class defined herein in the action entitled *Tschosik, et al. v. Diamond Freight Systems, Inc., et al.*, Spokane County Superior Court Civil Case No. 16-2-01247-1 (the “Action”).

B. Purpose. Pursuant to the terms set forth below, Plaintiffs and Defendants enter into this Settlement Agreement to bring about a full, complete, and final resolution of all claims actually asserted or that could have been asserted against Defendants by Plaintiffs on behalf of the Settlement Class based on the allegations in the operative complaint in the Action. The parties agree to settle the Action as it relates to Defendants pursuant to the provisions of this Settlement Agreement, which are set forth in detail below. Plaintiffs and counsel for Plaintiffs and the proposed Class judge the Settlement Agreement to provide fair, reasonable, and adequate relief to the Settlement Class and to be in the best interests of the Settlement Class.

C. Investigation and Due Diligence. The Parties have conducted extensive informal and formal discovery and investigation of the facts and analysis of the law during their respective prosecutions of this Action. As part of this review and investigation, the Parties and their counsel have: (A) interviewed various witnesses; (B) collected and analyzed thousands of Defendants’ records, including electronic payroll data and other information concerning the merits and possible extent of Plaintiffs’ claims and Defendants’ defenses; and (C) amply considered and analyzed their respective claims and defenses.

D. Settlement Negotiations. The Parties engaged in settlement negotiations from January to March 2019, which culminated in the Parties’ agreement on March 13, 2019, to the material terms of a settlement. All of the Parties’ settlement negotiations have been conducted in good faith and at arm’s length. Through these negotiations, the Parties have reached a class action settlement of this Action. This Agreement memorializes the terms of the final settlement agreed to by the Parties as the result of the negotiations just described.

II. Settlement Terms.

A. Definitions.

1. The “Class” or “Class Members” shall include all current and former nonexempt employees of DFS Freight Inc., Diamond Freight Systems, Inc.,

and/or Northwest Freight and Parcel, LLC, (collectively “the Freight Company”) in the state of Washington from April 1, 2013, through March 15, 2019, who did not timely opt out following receipt of the class certification notice issued in January 2019.

2. “Class Counsel” means Terrell Marshall Law Group PLLC and Paukert & Troppmann, PLLC.
3. “Class Representatives” means the named Plaintiffs in this Action, Jason Tschosik, Jurgen Thiede, and Amy Thomas.
4. The “Effective Date” of this Settlement Agreement shall be the later of either (1) the expiration of the time for filing an appeal from the Court’s entry of a final judgment order (31 calendar days from entry of final judgment), or (2) if a timely appeal is made, the date of the final resolution of that appeal and any subsequent appeals resulting in final judicial approval of this Settlement Agreement.
5. The “Initial Mailing Date” is the date that the Settlement Administrator first mails Notice of Settlement approved by the Superior Court to all Class Members.
6. “Notice” means the notice of this proposed Class Action Settlement Agreement, which is to be sent to the Class Members substantially in the manner set forth in this Agreement and is substantially in the form of Exhibit A hereto.
7. The “Notice Deadline” is thirty (30) days after the Initial Mailing Date.
8. “Parties” means Plaintiffs and Defendants.
9. “Settlement Administrator” means a third-party settlement administrator retained by Class Counsel, subject to the Superior Court’s approval.
10. The “Settlement Class” or “Settlement Class Members” shall include all Class Members who do not timely opt out of the Settlement Agreement.
11. The plural of any defined term includes the singular and the singular of any defined term includes the plural, as the case may be.

B. The Settlement Proceeds.

Defendants agree to make the following payments, which total \$385,000 in the aggregate (the "Settlement Fund"), as part of this Settlement Agreement. This total amount is broken down into the following payments:

1. Defendants shall pay \$4,583.33 on or before April 10, 2019, as the first Monthly Payment.
2. Each month thereafter, Defendants shall pay \$4,583.33 (the "Monthly Payment") no later than the tenth (10th) day of the month in which the payment is due. Class Counsel will provide a bank account into which the Defendants shall make direct deposit of the Monthly Payments. Class Counsel shall hold the Monthly Payments in trust until the Effective Date. If the Court does not order final approval of the settlement, the Monthly Payments shall be refunded to Defendants.
3. Within five (5) days of the Effective Date, Defendants shall pay \$275,000.00 ("Bulk Payment") to Class Counsel.
4. "Gross Settlement Fund A" consists of the Bulk Payment and all Monthly Payments made before the Bulk Payment. "Gross Settlement Fund A" shall compensate for the following expenditures as set forth in Section II.C. of this Agreement and subject to Court approval: (a) Percentage A of employer-side taxes associated with the wage portion of the Settlement Awards; (b) Percentage A of Class Representative Service Awards; (c) Percentage A of settlement administration fees and costs; (d) Percentage A of attorneys' fees and costs; and (e) Percentage A of the Settlement Class Members' Settlement Awards ("Net Settlement Fund A").
5. "Gross Settlement Fund B" consists of the remaining Monthly Payments made by Defendants after the Bulk Payment. Gross Settlement Fund B shall compensate for the following expenditures as set forth in Section II.C. of this Agreement and subject to Court approval: (a) Percentage B of employer-side taxes associated with the wage portion of the Settlement Awards; (b) Percentage B of class representative service awards; (c) Percentage B of settlement administration fees and costs; (d) Percentage B of attorneys' fees and costs; and (e) Percentage B of the Settlement Class Members' Settlement Awards.
 - a. Class Counsel shall hold Gross Settlement Fund B in trust until Defendants have made all Monthly Payments, at which time Class

Counsel will transfer the funds to the Settlement Administrator for distribution.

- b. Within twenty-one (21) days of the final Monthly Payment made by Defendants, the Settlement Administrator shall make disbursements of the funds in accordance with Section II.C. of this Agreement.
- c. In the event Defendants fail to make any Monthly Payments in accordance with the terms of Section II.B. of this Agreement, Class Counsel shall have discretion to order the Settlement Administrator to distribute any funds already paid by Defendants in accordance with Section II.C. of this Agreement, and any additional funds that Class Counsel subsequently receive or collect from Defendants shall be distributed in accordance with this paragraph.

C. Administration of the Settlement Fund.

1. **Distributions:** There will be at least two distributions of settlement funds ("Distribution A," "Distribution B," and so on as necessary) to each of the following: (a) the appropriate taxing authorities as determined by the Settlement Administrator to satisfy payment of employer-side taxes; (b) Class Representatives for Service Awards; (c) the Settlement Administrator for administration fees and costs; (d) Class Counsel for attorneys' fees and costs; and (e) Settlement Class Members for Settlement Awards.
2. **Distributions Determined by Percentage:** The amount of each Distribution will be determined by the percentage of the total Settlement Fund to be distributed. For example, assume at the time of Distribution A, the amount to be distributed is \$300,000. This is 77.9 percent of the total Settlement Fund amount (300000/385000). Therefore, each person or entity receiving a payment from Distribution A will receive 77.9 percent of the total amount owed to that person or entity, and the remaining 22.1 percent owed will be paid at the time of Distribution B (or in subsequent distributions in accordance with Section II.B.5.c).
3. **Defendants' Failure to Make Monthly Payments:** In the event Defendants fail to make Monthly Payments and Class Counsel determines a distribution of funds is appropriate in accordance with Section II.B.5.c, each person or entity receiving payment shall be entitled to a percentage equal to the amount being distributed divided by the total Settlement Fund amount. For example, assume \$300,000 was distributed under

Distribution A (i.e., 77.9 percent of the total Settlement Fund amount) and Defendants pay \$50,000 more in Monthly Payments before defaulting on payments. Defendants will have paid 13 percent more into the Settlement Fund after Distribution A. Therefore, if Class Counsel determine that a distribution of funds is appropriate, each person or entity receiving a payment from Distribution B will receive 13 percent of the total amount owed to that person or entity. If additional funds are received or collected, the Settlement Administrator shall pay out those funds proportionately in accordance with Section II.B.5.c and II.C.4-5.

4. **Distributions to non-Settlement Class Members:** Distributions for employer-side taxes, Class Representative Service Awards, settlement administration expenses, and attorneys' fees and costs shall be made from Gross Settlement Funds ("Gross Settlement Fund A," "Gross Settlement Fund B," and so on as necessary). Each such distribution in the aggregate shall equal a percentage of the total Settlement Fund amount in accordance with Section II.C.2. The Settlement Administrator shall issue Distribution A within twenty-one (21) days of the Effective Date. The Settlement Administrator shall issue Distribution B within twenty-one (21) days of the final Monthly Payment made by Defendants or, in the event Defendants fail to make all required Monthly Payments, within twenty-one (21) days of Class Counsel's determination that a distribution of funds is appropriate in accordance with Section II.B.5.c.
 - a. Employer-Side Taxes: The Settlement Administrator shall determine the appropriate total amount of employer-side taxes to be paid from each distribution and shall inform the parties of that total. The Settlement Administrator shall promptly report and remit the total amount to the relevant taxing authorities after each distribution. Defendants shall cooperate with and assist the Settlement Administrator as may be reasonably necessary in conjunction with the Settlement Administrator's calculations, withholdings, issuance, distribution, and reporting of Settlement Award checks and related taxes. The Settlement Administrator and Defendants shall cooperate and coordinate with each other with respect to the calculation, reporting, and payment of all payroll taxes and withholdings in accordance with all applicable laws and requirements of government taxing authorities
 - b. Class Representative Service Awards: Class Counsel will ask the Court to approve Service Awards of \$5,000 to each Class Representative to be paid from the Gross Settlement Funds. If the Court awards anything less than \$5,000 each in relation to the

Service Award request, the difference between the amounts requested and the amounts awarded to Plaintiffs shall be treated as part of the Net Settlement Funds. Any Court-approved Service Awards shall be treated as non-wage payments. The Settlement Administrator shall pay the amounts awarded in accordance with Section II.C.4.

- c. Settlement Administration Fees and Costs: Class Counsel will ask the Court to approve payment of Settlement Administration expenses from the Gross Settlement Funds. If the Court awards anything less than the amount requested, the difference between the amount requested and the amount awarded to the Settlement Administrator shall be treated as part of the Net Settlement Funds. The Settlement Administrator shall pay the amount awarded in accordance with Section II.C.4.
- d. Attorneys' Fees and Costs: Class Counsel will ask the Court to approve an award of attorneys' fees to Class Counsel in an amount of up to 30 percent of the Settlement Fund as well as reimbursement of expenses. If the Court awards anything less than the amounts requested, the difference between the amounts requested and the amounts awarded to Class Counsel shall be treated as part of the Net Settlement Funds. The Settlement Administrator shall pay the amounts awarded in accordance with Section II.C.4.

5. Settlement Awards to Settlement Class Members.

- a. Net Settlement Funds: The Settlement Administrator shall pay all Settlement Awards from Net Settlement Funds.
 - i. "Net Settlement Fund A" consists of the remaining funds from Gross Settlement Fund A after deducting the amounts to be distributed for employer-side taxes, Class Representative Service Awards, settlement administration expenses, and attorneys' fees and costs. The Settlement Administrator shall pay all funds in Net Settlement Fund A to Settlement Class Members within twenty-one (21) days of the Effective Date and in accordance with Section II.C. of this Agreement.

- ii. “Net Settlement Fund B” consists of the remaining funds from Gross Settlement Fund B after deducting the amounts to be distributed for employer-side taxes, Class Representative Service Awards, settlement administration expenses, and attorneys’ fees and costs. The Settlement Administrator shall pay all funds in Net Settlement Fund B to Settlement Class Members within twenty-one (21) days of the final Monthly Payment made by Defendants or, in the event Defendants fail to make all required Monthly Payments, within twenty-one (21) days of Class Counsel’s determination that a distribution of funds is appropriate in accordance with Section II.B.5.c.

- b. Calculation of Settlement Class Members’ Payments: Net Settlement Funds shall be distributed to all Settlement Class Members, with each such member being entitled to an individual award representing that member’s pro rata share based on the damages calculations of Plaintiffs’ expert. The damages calculations will be based on payroll data produced by Defendants, which is presumed to be accurate. This method for calculating Settlement Awards shall be disclosed to the Court and the Settlement Class as part of the Settlement approval process. Class Counsel shall provide Defendants and the Settlement Administrator in MS Excel format each Settlement Class Member’s total proportionate shares to be received from the estimated total Net Settlement Funds within ten (10) days of the Court’s grant of preliminary approval of the Settlement. Class Counsel shall use all reasonable efforts to ensure the accuracy of these calculations.

- c. Allocation and Disbursement of Settlement Awards: Each Eligible Class Member’s final Settlement Award will be treated as (a) 50 percent for back wages (the “Wage Award”), and (b) 50 percent for exemplary damages and pre-judgment interest (the “Non-Wage Award”). The Settlement Administrator will issue the Settlement Awards directly to each Settlement Class Member as at least two separate checks:

- i. Distribution A: Within twenty-one (21) days of the Effective Date, the Settlement Administrator shall issue directly to each Settlement Class Member a check paid from Net Settlement Fund A that equals the member's share of the Net Settlement Funds being distributed at that time in accordance with Section II.C.2. This check shall reflect the first installment of the total Wage Award owed to the Settlement Class Member, less normal employee payroll tax withholdings and the first installment of the total Non-Wage Award owed to the Settlement Class Member, without any payroll tax deductions.
- ii. Distribution B: Within twenty-one (21) days of the final Monthly Payment made by Defendants or, in the event Defendants fail to make all required Monthly Payments, within twenty-one (21) days of Class Counsel's determination that a distribution of funds is appropriate in accordance with Section II.B.5.c, the Settlement Administrator shall issue directly to each Settlement Class Member a check paid from Net Settlement Fund B that equals the member's share of the Net Settlement Funds being distributed at that time in accordance with Section II.C.2.

Wage Awards are subject to normal employee payroll tax withholdings. For any distribution of Net Settlement Funds, the Settlement Administrator shall deduct each Settlement Class Member's share of payroll taxes from the member's Wage Award and shall promptly report and remit that amount to the appropriate taxing authorities after the distribution. Defendants shall cooperate with and assist the Settlement Administrator as may be reasonably necessary in conjunction with the Settlement Administrator's calculations, withholdings, issuance, distribution, and reporting of Settlement Award checks and related taxes. The Settlement Administrator and Defendants shall cooperate and coordinate with each other with respect to the calculation, reporting, and payment of all payroll taxes and withholdings in accordance with all applicable laws and requirements of government taxing authorities.

For each tax year in which distributions are made, the Settlement Administrator shall report the Wage Award amounts distributed on IRS Forms W-2 and shall report all other amounts other IRS Forms 1099-MISC.

6. **Disbursement of Residual Funds/Cy Pres:** Settlement Class Members shall have 180 days from the date the Settlement Administrator mails each Settlement Award check to cash that check. After that time, the Settlement Administrator shall pay all unclaimed and abandoned funds (“Residual Funds”) to the Legal Foundation of Washington as a cy pres beneficiary. There shall be no reversion to Defendants of any portion of the Settlement Fund.

D. Class Notice.

1. The Parties agree to request approval of the form of notice attached hereto as Exhibit A. The fact that the Court may require changes in the form of notice does not invalidate this Settlement Agreement if the changes do not materially affect the substance of the Settlement Agreement.
2. Subject to the Superior Court’s approval, Notice of the Settlement shall be provided using the following procedures:
 - a. Within ten (10) days after Preliminary Approval of the Settlement Agreement by the Superior Court, Defendants shall provide the following information to the Settlement Administrator for each Class Member in MS Excel format: name, last known mailing address, last known email address, last known telephone number, and social security number. No later than fourteen (14) days after receiving this information, the Settlement Administrator shall issue notice to all Class Members in the form and manner approved by the Court. The date on which this notice is sent shall be deemed the “Initial Mailing Date.”
 - b. The Notice shall provide that each Class Member need not take any action in order to receive a Settlement Award.
 - c. The Notice shall also provide that Class Members may exclude themselves from the Settlement by submitting a written request which must be postmarked or received by the Settlement Administrator by the Notice Deadline.
 - d. The Notice shall also inform Class Members that the Settlement Awards they stand to receive will be paid out in at least two installments and may take up to two years or more to be paid in full.

e. Class Counsel shall also maintain a website with Notice, key documents (e.g., Plaintiffs' Second Amended Class Action Complaint, Defendants' Answer, and the Court's Order granting class certification) and other relevant information.

3. No later than thirty-five (35) days after the Initial Mailing Date, the Settlement Administrator shall notify Defendants and Class Counsel of all individuals who have submitted valid exclusion requests. If the Settlement Administrator receives an objection to the Settlement from any Class Member, the Settlement Administrator shall notify Defendants and Class Counsel about the objection within two (2) business days of receiving the objection.

E. Objections to the Settlement Agreement.

1. The Notice sent to Class Members shall inform them of the right to object to this Settlement Agreement. If a Settlement Class Member wishes to have the Court consider such an objection, that Settlement Class Member must mail to the Settlement Administrator a written objection, along with any supporting documentation that the person wishes the Court to consider, by no later than the Notice Deadline. If such objection is submitted and overruled by the Court, the objecting Settlement Class Member shall remain fully bound by the terms of this Settlement Agreement so long as it is granted final approval by the Court.

2. The Parties shall file any responses to objections with the Court no later than forty (40) days after the Initial Mailing Date.

3. Any Settlement Class Member who does not appear individually or through counsel and who does not challenge or comment upon the fairness and adequacy of this Settlement Agreement or Class Counsel's petition for attorneys' fees and expenses shall waive and forfeit any and all rights to appear separately or object. All Settlement Class Members shall be bound by all the terms of this Settlement Agreement and by all proceedings, orders and judgments in this Action.

III. Release of Claims.

As of the Effective Date of this Settlement Agreement, all Settlement Class Members, including the Plaintiffs, shall fully and finally release all claims that were or could have been brought against Defendants based on the allegations asserted in the Second Amended Class Action Complaint filed on June 5, 2018, to the fullest extent possible by law (the "Release"). The

scope of this Release shall be from April 1, 2013, through March 15, 2019. This Release specifically includes, but is not limited to, any claims for unpaid wages, exemplary damages, interest, fees, costs, attorneys' fees, and all other claims made in the Action or that could have been made in the Action based on the allegations in Plaintiffs' Second Amended Class Action Complaint.

IV. Encouragement of Class Members.

The Parties to this Settlement Agreement and the counsel representing such Parties shall not, directly or indirectly, through any person, encourage or solicit any Class Member to exclude himself or herself from this Settlement Agreement (opt out) or to object to it. However, Class Counsel and Defendants may respond to inquiries from Class Members. Class Counsel, counsel for Defendants, and Defendants represent, through their signatures below, that they have not taken any action prior to signing this Settlement Agreement and will not take any action that would encourage any Class Member to exclude himself or herself from this Settlement Agreement, or to object to it.

V. Preliminary and Final Approval Procedures.

A. No later than ten (10) days after the execution of this Settlement Agreement, Class Counsel shall file a motion with the Court for a preliminary order approving the Settlement Agreement.

B. The final approval hearing will be held on such date as the Court, in its discretion, may order.

C. No later than twenty-six (26) days after the Initial Mailing Date, Class Counsel shall file a motion requesting that the Court grant final approval of the Settlement Agreement, including payment of attorneys' fees and expenses, and enter final judgment as to Defendants in the Action.

D. In the event the Settlement Agreement is not given final approval in all material respects and as set forth in this Settlement Agreement, or the Court's final approval order is reversed on appeal, the Settlement Agreement shall become null and void. The Parties agree that in such a case, the Parties shall be restored to their respective positions prior to entering into it and no Party shall be bound by any of the terms of the Settlement Agreement.

VI. Final Approval Order.

The Parties shall use their best efforts to secure the Court's issuance of a Final Approval Order. The Final Approval Order shall, among other things:

A. Approve the Settlement Agreement as fair, adequate, and reasonable, and consistent and in compliance with the applicable provisions of the law; direct the Parties and their counsel to implement and consummate this Settlement Agreement according to its terms and provisions; and declare this Settlement Agreement to be binding on, and have res judicata and effect in all pending and future lawsuits or other proceedings encompassed by the Release set forth in Section III of this Settlement Agreement;

B. Find that notice substantially in the form of Exhibit A and the notice procedure implemented pursuant to this Agreement: (i) constitute the best practicable notice; (ii) constitute notice that is reasonably calculated, under the circumstances, to inform Class Members of their right to object to the proposed Settlement Agreement and to appear at the Final Approval Hearing; (iii) are reasonable and constitute due, adequate, and sufficient notice to all persons entitled to receive notice; and (iv) meet all applicable requirements of Washington's Rules of Civil Procedure and Due Process;

C. Dismiss the Action on the merits and with prejudice with respect to Defendants, without fees or costs to any party except as provided in this Settlement Agreement;

D. Incorporate the Release set forth in Section III;

E. Without affecting the finality of the Final Approval Order and Judgment for the purposes of appeal, retain jurisdiction as to all matters relating to administration, consummation, enforcement, and interpretation of this Settlement Agreement and the Final Approval Order, and for any other necessary purpose; and

F. Incorporate any other provisions as the Court deems necessary and just.

VII. Miscellaneous Provisions.

A. No Admission of Wrongdoing. Defendants expressly deny Plaintiffs' allegations, and the Parties hereto acknowledge that the execution of this Settlement Agreement and the consummation of the transactions contemplated herein do not constitute any admission of wrongdoing or liability by Defendants under state or federal law, whether or not such claims have been pled in the instant action.

B. Dismissal. In connection with the issuance of an order granting final approval of this Settlement Agreement, the Parties shall present the Court with a final order of dismissal with prejudice as to Defendants and request immediate entry of that order.

C. Continuing Jurisdiction. The Washington Superior Court in and for Spokane County shall have continuing jurisdiction over this Action for the purpose of implementing this Settlement Agreement and all related matters, including preliminary approval of the Settlement

Agreement, final approval of the Settlement Agreement, entry of final judgment as to Defendant, and any post-judgment issues.

D. Reasonable Best Efforts. The Parties agree to undertake their reasonable best efforts, including, without limitation, all efforts contemplated herein, to carry out the terms of this Settlement Agreement. In addition to the documents and other matters specifically referenced in the Settlement Agreement, the Parties agree to execute and/or deliver, or cause to be executed and/or delivered, such other documents and/or other materials necessary to carry out the terms and conditions of this Settlement Agreement, as may be reasonably necessary to effect the obligations contemplated by the Settlement Agreement.

E. Amendments/Modifications. Subject to any power of the Court to order a modification, this Settlement Agreement may be amended or modified only by a written instrument signed by each of the Parties and their respective counsel of record. Amendments and modifications may be made without notice to the Settlement Class unless notice is required by law or by the Court.

F. Construction. The terms and conditions of this Settlement Agreement are the result of lengthy, intensive arm's-length negotiations between the Parties. This Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or its counsel participated in the drafting of this Settlement Agreement.

G. Counterparts. This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

H. Tax Consequences. No opinions concerning the tax consequences of the proposed settlement to individual Class Members are given by Defendant, Plaintiffs, or Class Counsel, nor are any representations in this regard made by virtue of this Settlement Agreement. Each Class Member's tax obligations, if any, and the determination thereof, are the sole responsibility of the Class Member, and the tax consequences, if any, depend on the particular circumstances of each individual Class Member.

I. Governing Law. This Settlement Agreement shall be governed by, and interpreted according to, the law of the State of Washington without regard to its choice of law provisions.

J. Parties Bound. This Settlement Agreement shall be binding upon and inure to the benefit of Plaintiffs, the Settlement Class Members, and Defendants, and the respective heirs, successors, and assigns of each of the foregoing.

K. No Evidence. In no event shall this Settlement Agreement, any of its provisions, or any negotiations, statements, or proceedings relating to it in any way be construed as,

offered as, received as, used as, or deemed to be evidence of any kind in the Action, any other action, or in any judicial, administrative, regulatory, or other proceeding, except in a proceeding to enforce this Settlement Agreement or the relief provided herein. Further, neither this Settlement Agreement nor any related negotiations, statements, or proceedings shall be construed as, offered as, used as, or deemed to be evidence or an admission or concession by any person of any matter, including but not limited to any liability or wrongdoing on the part of Defendants or as a waiver by them of any applicable defense.

L. Production of Additional Information and Records. Defendants agree to provide any information or records necessary to effectuate the Settlement, including but not limited to any outstanding timekeeping, payroll, or other related data for each Class Member who worked for the Defendants during the period from April 1, 2013, through March 15, 2019.

M. Number of Class Members. Defendants represent that to the best of their knowledge, the number of Class Members who worked during the period from April 1, 2013, through March 15, 2019, is no more than 268. Defendants agree this representation is material to Plaintiffs' decision to settle the Class claims on the terms set forth in this Agreement.

N. Stipulated Judgment. As further consideration for settlement, and as security for the promised Monthly Payments, the parties agree to sign a Stipulated Judgment against Defendants, jointly and severally, in the amount of \$385,000. The Stipulated Judgment will only be filed and executed upon by Plaintiffs in the event Defendants fail to make any required payment. If Plaintiffs file the Stipulated Judgment, they shall deduct the total of all payments made before the filing date from the \$385,000. The remaining amount shall bear interest at twelve (12) percent per annum until satisfied. Upon Defendants' full compliance with their obligations under this Agreement, the Stipulated Judgment shall be null and void.

O. Calculation of Time. All time listed in this Agreement is in calendar days. Time is calculated by (a) excluding the day of the event that triggers the period; (b) counting every day, including intermediate Saturdays, Sundays, and legal holidays; and (c) including the last day of the period, but if the last day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday.

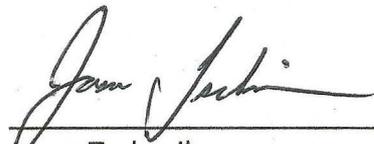
P. Waiver. The waiver by any Party of any breach of this Settlement Agreement shall not be deemed or construed as a waiver of any other breach, whether prior or subsequent to, or contemporaneous with, this Settlement Agreement.

Q. Authority. Each individual signing this Agreement represents and warrants that he or she has the authority to sign on behalf of the person or entity for which that individual signs.

THE PARTIES HEREBY AGREE TO THE ABOVE SETTLEMENT AGREEMENT BY THE FOLLOWING SIGNATURES:

Plaintiffs:

Date: 4/13/19



Jason Tschosik

Date: _____

Jurgen Thiede

Date: _____

Amy Thomas

Defendants:

Date: _____

Diamond Freight Systems, Inc.,

Date: _____

Northwest Freight and Parcel LLC

Date: _____

Parminder Thind

Date: _____

Rajiv Sauson

Date: _____

Tony Mountaintes

Approved as to form:

Date: _____

Toby J. Marshall

Plaintiffs:

Date: _____

Jason Tschosik

Date: _____

Jurgen Thiede

Date: 4-17-19

Amy Thomas
Amy Thomas

Defendants:

Date: _____

Diamond Freight Systems, Inc.,

Date: _____

Northwest Freight and Parcel LLC

Date: _____

Parminder Thind

Date: _____

Rajiv Sauson

Date: _____

Tony Mountaintes

Approved as to form:

Date: _____

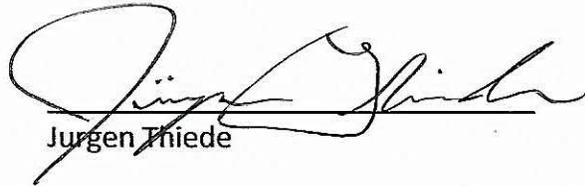
Toby J. Marshall

Plaintiffs:

Date: _____

Jason Tschosik

Date: 16 APR 2019



Jurgen Thiede

Date: _____

Amy Thomas

Defendants:

Date: _____

Diamond Freight Systems, Inc.,

Date: _____

Northwest Freight and Parcel LLC

Date: _____

Parminder Thind

Date: _____

Rajiv Sauson

Date: _____

Tony Mountaintes

Approved as to form:

Date: _____

Toby J. Marshall

Plaintiffs:

Date: _____

Jason Tschosik

Date: _____

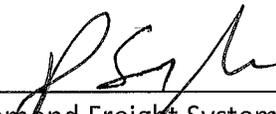
Jurgen Thiede

Date: _____

Amy Thomas

Defendants:

Date: 4-10-19



Diamond Freight Systems, Inc.,

Date: 4-10-19



Northwest Freight and Parcel LLC

Date: 4-10-19



Parvinder Thind

Date: 4-10-19



Rajiv Sauson

Date: 4-10-19



Tony Mountaintes

Approved as to form:

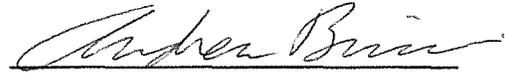
Date: 04-22-2019



Toby J. Marshall

TERRELL MARSHALL LAW GROUP PLLC
Counsel for Plaintiffs

Date: 4/22/19



Andrew S. Biviano
PAUKERT & TROPPEMANN, PLLC
Counsel for Plaintiffs

Date: 4/10/19



Kevan T. Montoya
MONTROYA HINCKLEY PLLC
Counsel for Defendants

- Exhibit A -

SUPERIOR COURT OF THE STATE OF WASHINGTON COUNTY OF SPOKANE
Tschosik, et al. v. Diamond Freight Systems, Inc., et al.,
Case No. 16-2-01247-1

You may be entitled to benefits under a class action settlement if you have worked for DFS Freight Inc., Diamond Freight Systems, Inc., and/or Northwest Freight and Parcel LLC at any time from April 1, 2013, to March 15, 2019, while residing in the state of Washington.

This is a court-ordered notice. This is not a solicitation from a lawyer.

- Three former employees, Jason Tschosik, Jurgen Thiede, and Amy Thomas (collectively referred to in this notice as “Plaintiffs” or “Class Representatives”) have sued Diamond Freight Systems, Inc., Northwest Freight and Parcel LLC, Parminder Thind, Rajiv Sauson, and Tony Mountaintes (collectively referred to in this notice as “Defendants”) based on alleged violations of Washington state wage and hour laws.
- Plaintiffs represent all current and former nonexempt employees of DFS Freight Inc., Diamond Freight Systems, Inc., and/or Northwest Freight and Parcel, LLC in the state of Washington from April 1, 2013, through March 15, 2019, who did not timely opt out following receipt of the class certification notice issued in January 2019. Those people are referred to as “the Class” or “Class Members.”
- The Court presiding over this case has issued a preliminary order approving a settlement that covers the Plaintiffs and Class Members in this case. The Court will decide whether the proposed settlement should be approved.
- Defendants have agreed to pay \$385,000 to settle this action with the Class.
- Listed below is the estimated gross amount of your share of the Settlement Fund before taxes. (The final amount may be different.)

Your Estimated Gross Recovery from Settlement
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\$*,***.**

- The Court, Defendants, Settlement Administrator, and Class Counsel cannot provide tax advice regarding your estimated amount. You should consult with a tax professional regarding the tax consequences of any amount received.
- As part of the proposed settlement, Defendants do not admit to any wrongdoing and continue to deny the allegations in Plaintiffs’ complaint.
- Your legal rights are affected whether you act or don’t act. Please read this notice carefully.

BASIC INFORMATION

1. Why did I get this notice?

Defendants' records show that you currently work or previously worked for DFS Freight, Inc., Diamond Freight Systems, Inc., and/or Northwest Freight and Parcel, LLC during the class period (from April 1, 2013 to March 15, 2019) while residing in the state of Washington.

2. What is this lawsuit about?

Plaintiffs claim Defendants violated certain Washington state wage and hour laws. Defendants deny the claims and deny that they have violated any Washington state laws.

3. Why is there a settlement?

The Court did not decide in any party's favor. Instead, both sides agreed to a settlement. This allows the parties to avoid the cost of a trial, and the people affected will be entitled to compensation. The Class Representatives and their attorneys think the settlement is best for all Class Members under the circumstances. Defendants have not admitted fault or that they violated any laws, but they and their attorneys agree that a settlement is in all parties' best interests.

4. What claims are resolved by the settlement?

The settlement will resolve all claims and allegations made on behalf of Class Members against Defendants in the last complaint filed against them in the lawsuit regarding Defendants' alleged violation of Washington laws related to employee compensation, including the following claims:

- Failing to pay employees minimum wage for all hours worked;
- Failing to pay employees properly for overtime hours worked;
- Failing to compensate employees for the rest breaks to which they are entitled, whether the rest breaks were received or not;
- Failing to compensate employees for the meal breaks to which they are entitled, whether the meal breaks were received or not; and
- Failing to keep accurate records of time worked by employees.

The settlement will resolve alleged violations occurring from April 1, 2013, to March 15, 2019.

5. What are the basic terms of the settlement?

Subject to Court approval, the essential terms of the settlement are as follows:

Gross Settlement Fund: The settlement requires Defendants to pay a total of \$385,000 to establish a Gross Settlement Fund. Under the settlement, at least \$[XXXX] shall be distributed to the Settlement Class Members as compensation for releasing the claims resolved by the settlement as described above. This compensation is a substantial portion of the wages allegedly owed to Class Members as calculated by Class Counsel and their expert based on Defendants' records.

Settlement Administrator: The settlement requires [XXXXX] to act as and effectuate the duties of the Settlement Administrator in accordance with this Settlement Agreement. Plaintiffs will ask the Court to approve the payment of fees, costs, and other charges imposed by the Settlement Administrator from the Gross Settlement Fund in an amount not to exceed \$[XXXXX].

Class Representative Service Awards: Class Counsel will ask the Court to approve service awards to each Class Representative to compensate them for their time and effort. If approved, the Class Representatives will be paid up to a combined amount of \$15,000 from the Gross Settlement Fund.

Attorneys' Fees and Costs: Class Counsel have been working on this case for more than three years but have not received any fees or reimbursements for the costs of the lawsuit. Plaintiffs will ask the Court to approve payment from the Gross Settlement Fund to Class Counsel to reimburse them for out-of-pocket litigation costs and to compensate them for their reasonable attorneys' fees. If approved, Class Counsel will be reimbursed for up to \$[XXXXX] in costs and up to \$115,500 in attorneys' fees.

Employer-Side Taxes: The Gross Settlement Fund includes coverage for any taxes that must be submitted to governing authorities on behalf of Defendants for the wage portion of the Settlement Class Member payments.

Distribution of the Settlement Fund: The Settlement Administrator, [XXXXX], will make payments directly to Class Members. If you have recently moved, plan to move within the next 90 days, or move before you have received all payments owed to you, please provide the Settlement Administrator with an updated address by contacting Class Counsel or the Settlement Administrator. Contact information is provided in Sections 11 and 12 below.

Tax Treatment of Claim Share Portion of Settlement Payments: Half (50%) of each Class Member's settlement share will be treated and reported to government taxing authorities as wages and subject to normal employee-side payroll tax withholdings and payments. Half (50%) of each Class Member's share will be treated and reported to government taxing authorities as non-wage damages and interest on which there will be no tax withholding, but which will still be considered taxable income.

Release of Claims: Upon final approval by the Court, Class Members will dismiss the lawsuit and release Defendants from all claims that were or could have been brought against them based on the allegations asserted in the last complaint filed in this lawsuit. This releases Defendants

from liability related to any claims for unpaid wages, exemplary damages, interest, fees, costs, attorneys' fees, and all other claims made in this lawsuit or that could have been made in this lawsuit for events occurring between April 1, 2013, and March 15, 2019.

For a full copy of the Settlement Agreement, please visit: <http://www.terrellmarshall.com/NW-Freight-Class-Action>.

Dismissal of the Action: Upon final approval of the settlement, the Court will dismiss the lawsuit with prejudice but will retain jurisdiction to enforce the terms of the settlement.

6. How can I get a payment?

Each member of the Settlement Class who does not submit a valid and timely request for exclusion will automatically receive a settlement payment. Settlement payments will be proportional to the hours worked by each Settlement Class Member in relation to the hours worked by all Settlement Class Members, as calculated by Class Counsel and their expert based on Defendants' records. Payments will be mailed to you at your address on record. If you move before you have received all payments owed to you, please provide the Settlement Administrator with an updated address by contacting Class Counsel or the Settlement Administrator. Contact information is provided in Sections 11 and 12 below.

Class Members who request to be excluded from the settlement will not receive payment.

7. When will I get my payment?

As part of the Settlement Agreement, Defendants have agreed to make one lump sum payment of \$275,000 and twenty-four (24) monthly payments totaling \$110,000 into the Settlement Fund. Because Defendants will be making payments over time, the parties have agreed that each Settlement Class Member will receive the money they are owed in two separate payments according to the timeline set forth below.

The Court will hold a hearing on [DATE] to decide whether to approve the settlement. If the Court approves the settlement, the parties will then have to wait to see whether there is an appeal. This will take at least thirty (30) days and, if there is an appeal, can take up to a year or more to resolve. In the event of an appeal, information regarding the appeal's progress will be posted at <http://www.terrellmarshall.com/NW-Freight-Class-Action>.

If there is no appeal, Class Counsel expect the first payment to go out within sixty (60) days of the Court's approval of the settlement.

Class Counsel expects the second payment to go out within thirty (30) days of the final monthly payment made by Defendants. If Defendants make all monthly payments according to the Settlement Agreement, this should be in or around April 2021. If Defendants do not make all monthly payments according to the Settlement Agreement, Class Counsel will have discretion to decide when to make the second and any additional partial payments to Settlement Class Members as settlement funds become available.

The amount of each payment made to Settlement Class Members will be determined by the percentage of the overall settlement amount Defendants have paid into the Gross Settlement Fund at the time payments are made to Settlement Class Members. For example, if Defendants have paid \$300,000 into the Gross Settlement Fund at the time of the first payment to Settlement Class Members, Defendants will have paid 77.9% of the total Settlement Fund amount (300,000/385,000). Therefore, the first payment to each Settlement Class Member will be 77.9% of the total amount the Class Member is owed. If Defendants make all monthly payments according to the Settlement Agreement, each Settlement Class Member would then receive the remaining 22.1% of the total amount owed in the second payment.

The parties and their counsel believe that this arrangement is in the best interests of all parties and the Settlement Class Members and request your patience in this process.

8. Do I have a lawyer in this case?

The Court has decided that the Spokane, Washington law firm of Paukert & Troppmann, PLLC and the Seattle, Washington law firm of Terrell Marshall Law Group PLLC are qualified to represent you and all Class Members. Together, these lawyers are called “Class Counsel.” More information about Paukert & Troppmann, PLLC and Terrell Marshall Law Group PLLC, their practices, and their lawyers’ experience is available at <http://paukertlawgroup.com/> and www.terrellmarshall.com.

You will not be separately charged for these lawyers; they will be compensated for their time and reimbursed for their costs out of the Gross Settlement Fund in whatever amounts are approved by the Court. If you want your own lawyer, you may hire one at your own expense.

9. What can I do if I don’t like the settlement?

If you don’t like the settlement, you have two options: you can choose to exclude yourself **or** you can choose to object.

How to Exclude Yourself:

If you exclude yourself, you will **not** be paid under the Settlement Agreement. If you exclude yourself, you may **not** object to the settlement.

To ask to be excluded, you must send a written letter to the Settlement Administrator at the address provided below. The letter must include your name, current address, and telephone number, as well as the following statement: “I want to be excluded from the proposed Settlement Class in *Tschosik v. Diamond Freight Systems, Inc.*” The letter must be signed by you and postmarked no later than **[DATE – 30 DAYS AFTER INITIAL MAILING DATE]**.

How to Object to the Settlement:

If you wish to object, you must send a written letter to the Settlement Administrator at the address provided below. The letter must include your name, current address, telephone number, and the name of the case, *Tschosik v. Diamond Freight Systems, Inc.*, Case No. 16-2-01247-1. It

must also state the reasons why you think the Court should not approve the settlement and include any supporting documentation that you wish the Court to consider. The objection must be signed by you and postmarked no later than [DATE – 30 DAYS AFTER INITIAL MAILING DATE]. If the settlement is approved, you will still receive a payment under the settlement.

The Settlement Administrator is [XXXXXX]. Exclusion requests or objections must be mailed to:

[NAME]
[ADDRESS 1]
[ADDRESS 2]

10. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at [TIME] on [DATE], at:

[COURT]
[ADDRESS 1]
[ADDRESS 2]

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. You do not have to come to the hearing.

11. How do I get more information?

More details are available in the Important Documents section of this website, where you will find certain filings made in the lawsuit: <http://www.terrellmarshall.com/NW-Freight-Class-Action>. You may also get more information by calling Class Counsel at **1-855-349-7023** (toll free) or writing to:

Terrell Marshall Law Group PLLC
936 N. 34th Street, Suite 300
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Toby J. Marshall
Eric R. Nusser
TERRELL MARSHALL LAW GROUP PLLC
936 North 34th Street, Suite 300
Seattle, Washington 98103

12. What is the contact information for the Settlement Administrator?

[NAME]
[ADDRESS 1]
[ADDRESS 2]