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TY SUPERIOR COURT ALIA DIVISION

AUG 05 2016

LARAYNE GLEEK, CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF TULARE (UNLIMITED JURISDICTION)

AARON ALAFA, on behalf of himself and all others similarly situated,

CUSTOM BUILT PERSONAL TRAINING, INC., a California corporation; and DOES 1-

Case no.: VCU245496

STIPULATION TO AMEND ORDER GRANTING FINAL APPROVAL OF **CLASS ACTION SETTLEMENT:** PROPOSED ORDER

Action Filed: Dept:

December 30, 2011 2, Hon. David Mathias

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FOR DEFENDANT

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1. This is a wage and hour class action lawsuit. The parties entered into a Settlement Agreement and Release of Claims ("Settlement") in June of 2013 with a Maximum Settlement Amount of \$850,000. To accommodate Defendant's strained financial condition, the parties agreed that (1) Defendant would have four years to fund the settlement by making set payments at scheduled intervals and (2) any sums unclaimed by participating Class Members from the Maximum Distributable Amount would revert to Defendant. A true and correct copy of the Settlement is attached as Exhibit 1.

2. The Court gave final approval to this Settlement on April 8, 2014. Based on the participation in the Settlement, the Defendant is obligated to pay \$596,666.67 for a combination of Class Member settlement shares of \$253,333.33, Attorneys' Fees of \$283,333.33, Litigation Expenses of \$15,000, Claims Administration costs of \$12,500, Enhancement Award to the Named Plaintiff of \$25,000, and Civil Penalties payable to the State of California of \$7,500.

3. On approximately August 15, 2014, Defendant began to make its payments. Thus far, Defendant has paid \$124,977.11 toward the Settlement fund. An additional \$471,689.56 remains to be paid.

- 4. Since the Court's Final Approval Order, the Defendant's financial condition has continued to deteriorate and it is no longer able to meet its funding obligations under the Settlement.
- 5. The parties have agreed, subject to court approval, to reduce by approximately 50% Defendant's financial obligation under the Settlement from \$596,666.67 to \$304,977.11 which Defendant shall have fully paid within 36 months of this Court's order on this stipulation. The \$124,977.11 of the \$304,977.11 already paid by Defendants leaves an unpaid settlement balance of \$180,000. The effects of this reduction in the gross settlement amount are as follows: (1) the Class Counsel fees award will decrease to 41% from \$283,333.33 to \$115,539.11, and the portion of the settlement fund distributable to participating class members (settlement shares) will decrease to 52% from \$253,333.34 to \$131,340.00. The

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Employee Rights Attorneys 9454 Wilshire BI. Ste 303 Beverly Hills CA 90212 (310) 499-4730 Tel (310) 499-4739 Fax SpivakLaw.com Civil Penalties will decrease by 50% from \$10,000 to \$5,000 (with a payment to the State of California decreasing accordingly from \$7,500 to \$3,750). Claims Administration Costs will increase by 15% from \$12,500 to \$14,348. Litigation Expenses and Named Plaintiff's Enhancement Award will remain the same. A true and correct copy of this Amendment of the Settlement Agreement is attached as **Exhibit 1** to this stipulation.

- 6. As explained above, the decrease in the payment to the participating class members is fair, adequate, and reasonable because of the change in Defendant's financial condition. Any further increase in the money allocated for distribution to participating class members would lead to reductions in attorney's fees, costs, administration costs, class representative enhancement award, and payment to the State that would be unreasonable, even under the circumstances of this change in the Settlement.
- 7. The decrease in the payment to the State of California is fair, adequate, and reasonable because it approximately tracks the reduction in value of class member shares.
- 8. The decrease in the payment to Class Counsel is fair, adequate, and reasonable because the reduction is about ten percent (10%) greater than the reduction of Defendant's minimum payout from \$596,666.67 to \$304,977.11, and twelve percent (12%) greater than the reduction in amount distributable to participating class members from \$253,333.34 to \$131,340.00. Class Counsel's attorney's fees at the time of the Plaintiff's Motion for Final Approval totaled \$113,081.49. As a result of Class Counsel's work on this case since the Motion for Final Approval, their fees have risen to over \$128,000.00 under the lodestar method. A true and correct copy of the declaration of David Spivak ("DS") which shows this increase is attached as **Exhibit 2** to this stipulation. *See* DS ¶ 6.
- 9. It is fair, adequate and reasonable that Class Counsel's litigation costs under the Amendment should remain the same. To date, Class Counsel's litigation costs are over \$15,000.00, the amount the Court approved as fair, adequate, and reasonable in the original Final Approval Order. A true and correct copy of the declaration of David Spivak which shows this increase is attached as Exhibit 2 to this stipulation. See DS ¶ 7, Exhibit A.
 - 10. It is fair, adequate and reasonable that the Class Representative Enhancement

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Employee Rights Attorneys 9454 Wilshire Bl. Ste 303 Beverly Hills CA 90212 (310) 499-4730 Tel (310) 499-4739 Fax. SpivakLaw.com Award under the Amendment should remain the same because the Court already approved this amount, and Plaintiff had dedicated further time and energy to the administration and restructuring of this Settlement for the benefit of the Participating Class Members and because he must wait three more years to receive the same amount that Defendant offered him settle his claims (at the expense of the Class's claims) at the mediation of this matter in January of 2013.

- 11. The increase in the Claims Administration costs is fair, adequate, and reasonable because it accounts for actual increased costs to Simpluris, Inc. attendant to distribution of notice of the Amendment to participating class members by means of a postcard and webpage that will make the Amendment, the new Class Notice, and the Amended Final Order and Judgment available for download and review by participating class members. See DS ¶ 8, Exhibit B regarding Simpluris, Inc.'s bid in the amount of \$14,348.00. The increase is also fair, adequate and reasonable because it is within the amount the Court preliminarily approved for Claims Administration, \$20,000.00. See DS ¶ 8, Exhibit C.
- 12. Within 10 days of the Order on this Stipulation, the Claims Administrator will notify the participating class members in writing of this change to the Settlement by means of a postcard. See DS ¶ 11, Exhibit D. The postcard will expressly advise each participating class member of the change in his Settlement Award and of the address of a webpage that will provide class members with the Notice of Amendment to Settlement Agreement and the Final Order Approving the Amendment (should it be issued). See DS ¶ 11, Exhibit D (postcard) and Exhibit E (Notice of Amendment to Settlement Agreement). The class members will have 45 days to object or opt out of the settlement in the same manner that they could have previously under the settlement. However, they may only object or opt out based upon this change in the Settlement Amount. They may not opt out of the original Settlement if they did not timely do so before.
- 13. This method of notifying participating class members of the Amendment is fair, adequate and reasonable because it advises them of the changes to the Settlement and provides them with means to stay informed of this Court's future orders on this stipulation and the

Amendment. It is also an inexpensive method of notice designed to keep costs down so further diminution in class member awards is not necessary. There is no need to provide notice of the Amendment to those class members who opted out or chose not to make a claim on the Settlement originally because their rights will not be affected by the Amendment. The only circumstances that have changed are the financial condition of the Defendant for the worse.

14. The Court will conduct a hearing on whether to give final approval to this amendment on August 25, 2016 at 8:30 a.m., or any subsequent date as may be convenient to the Court.

IT IS SO STIPULATED.

Dated: 7 20 . 2016

THE SPIVAK LAW FIRM

DAVID SPIVAK

Attorneys for Plaintiff, AARON ALAFA

Dated: July 5, 2016

HAWKINS PARNELL THACKSON & YOUNG LLP

TOUNG LLP

MATTHEW A-BOYD

MIRNA J. SCHEFFY

Attorneys for Defendant, CUSTOM BUILT PERSONAL TRAINING, INC.

PROPER ORDER

Based upon the agreement of the parties as set forth in the foregoing stipulation, and good cause having been shown, a hearing is set for Agost at 8:30 a.m. in Department 2 regarding whether to give final approval to this amendment. The parties may appear by Courtcall for the hearing.

IT IS SO ORDERED.

Dated: AUG 0 5 2016

David C. Mathias

HON. DAVID MATHIAS
Tulare County Superior Court Judge

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