

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT & AUGUST 31, 2016, FINAL APPROVAL HEARING

Patrick O’Beirne and William Girbes-Pierce, individually and on behalf of all others similarly situated v. Copier Source, Inc., dba Image Source, Case No. 30-2015-00801066-CU-OE-CXC

*SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE*

If you were employed by Copier Source, Inc., dba Image Source (“Image Source”) as an Account Executive, Sales Representative, or a similar outside sales position (all such positions are referred to collectively in this Notice as “Account Executives”) in the State of California at any time during the period of July 28, 2011 through January 31, 2016, (this period is referred to in this Notice as the “Class Period”), you could receive a payment from a proposed class action settlement. All Account Executives employed by Image Source in California during the Class Period are referred to in this Notice as “Class Members” or the “Class”.

This Notice was authorized by the Court. This is not a solicitation from a lawyer.

You are not being sued. Read this Notice carefully. Your legal rights are affected whether you act or not.

- A settlement has been reached between former Account Executives Patrick O’Beirne and William Girbes-Pierce (“Plaintiffs”), individually and on behalf of the Class Members, and Image Source.
- The settlement resolves a class action lawsuit alleging that Image Source failed to reimburse Class Members for business expenses incurred while they carried out their daily sales duties away from Image Source’s office locations. Image Source vigorously denies all the claims and contentions made in the lawsuit and maintains it has fully complied with the law, but has decided to settle this case to avoid the expense and distraction of litigation.
- The parties have reached a compromise and settlement of these disputed claims. The settlement makes clear that there has been no finding, nor any admission, of any unlawful conduct by Image Source. If the case were to proceed, the Plaintiffs could lose and recover nothing. Through this settlement, however, Class Members who do not exclude themselves from the settlement will receive cash payments. Payments will be based on your pro-rata number of weighted Weeks Worked for Image Source as an Account Executive in California as compared with all the weighted Weeks Worked by all Class Members during the Class Period for those Class Members who do not opt out of this settlement. In determining the weighting of your Weeks Worked for determining your payment, the following categories within the Class were evaluated:
 - “Sub Class #1” means all Account Executives who worked during the Class Period, *were not* provided with a monthly auto allowance, and who *did not* sign an audit and release on or after June 2015 indicating they were fully compensated for all auto expenses.
 - “Sub Class #2” means all Account Executives who worked during the Class Period, *were not* provided with a monthly auto allowance, and who *did* sign an audit and release on or after June 2015 indicating they were fully compensated for all auto expenses.
 - “Sub Class #3” means all Account Executives who worked during the Class Period, *were* provided with a monthly auto allowance, and who *did not* sign an audit and release on or after June 2015 indicating they were fully compensated for all auto expenses.
 - “Sub Class #4” means all Account Executives who worked during the Class Period, *were* provided with a monthly auto allowance, and who *did* sign an audit and release on or after June 2015 indicating they were fully compensated for all auto expenses.

| YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT | |
|---|--|
| AUTOMATIC INCLUSION | If as of <u>July 28, 2011</u> , you were employed by Image Source as an Account Executive or in a similar outside sales position, you do not need to do anything to participate in the Settlement. If you do nothing, you will receive a payment automatically if the Court approves the proposed settlement. |
| REQUEST EXCLUSION FROM THE SETTLEMENT | If you wish to be excluded from the settlement, you must submit a written Request for Exclusion according to the instructions contained in this Notice. If you submit a Request for Exclusion, you will not be bound by the Settlement (including, but not limited to the Released Claims provision described under Question 5 below) but you will not receive any payment pursuant to the settlement. |

| YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT | |
|---|--|
| DO NOTHING | If you were employed in California by Image Source as an Account Executive or in a similar outside sales position at any point between July 28, 2011, and January 31, 2016, and do nothing in response to this notice, you will receive a payment based on the number of Weeks Worked identified in the enclosed Share Form and will give up the right to bring or participate in any similar action that may be filed against Image Source. |
| OBJECT | You may also object and tell the Court why you don't like the settlement. If the Court approves the settlement despite your objection, you will still be bound by the settlement. |

- **Your options are more fully explained in this notice below. The deadline to submit an objection or request exclusion is June 3, 2016. Your objection or request for exclusion must be postmarked by that date, or it will have no effect.**

1. Why did I receive this notice?

The Plaintiffs and Image Source have entered into a Joint Stipulation and Class Action Settlement Agreement (“Settlement Agreement”) that will, if finally approved by the Court, fully resolve this case. The Settlement Agreement sets forth the details of the settlement. You may obtain a copy of the Settlement Agreement from the Settlement Administrator. (Details concerning where to get additional information, including a copy of the Agreement, are provided at the end of this Notice.) The proposed Settlement Agreement has been submitted to the Court, and has been preliminarily approved for settlement purposes only. The Court also appointed the law firms of Ackermann & Tilajef, P.C. and HammondLaw, P.C. as Class Counsel to represent you and the Settlement Class.

Image Source’s records show that you are a Member of the Class preliminarily approved by the Court, which is defined as follows:

All persons who have been employed by Defendant in California as Account Executives and/or in a similar outside sales job capacity at any time from July 28, 2011 through January 31, 2016.

As a Class Member, you may be entitled to share in the funds to be made available for settlement of this class action. You are not being sued and you will not be individually responsible for any of the attorneys’ fees or costs of the litigation because the settlement requires those amounts to be paid from the Total Settlement Sum paid by Image Source. However, your rights will be affected by the Settlement Agreement described in this Notice whether you act or not. This Notice explains the lawsuit, the settlement, and your legal rights.

The Court must finally approve the terms of the settlement described below as fair and reasonable to the Settlement Class, before it will take effect. This process will take approximately four (4) months, though it may take longer depending upon the Court’s schedule. If approved, the settlement will affect all Class Members who do not exclude themselves from the Settlement Class. An Administrator that has been appointed by the Court will make all approved settlement payments after the Court orders them. Those settlement payments are described in this Notice.

2. This Action – What is the case about?

On July 28, 2015, Patrick O’Beirne and William Girbes-Pierce, former Image Source Account Executives, filed a class action complaint in the Superior Court of California, County of Orange. The Plaintiffs, individually and on behalf of all other Account Executives, alleged that Account Executives were not fully reimbursed for day-to-day business expenses that they incurred while working for Image Source, including vehicle usage costs (i.e., mileage) and other business expenses in violation of the California Labor Code, that Image Source engaged in unfair business practices in violation of Business & Professions Code §§ 17200 *et seq.*, and also asserted claims under the California’s Private Attorney General Act, Labor Code sections 2898 *et seq.* (“PAGA”). Image Source vigorously denies all the claims and contentions made in the lawsuit and maintains it has fully complied with the law, but has decided to settle this case to avoid the expense and distraction of litigation. The Court has not ruled on whether Image Source violated the law, as Plaintiffs allege, and if the case were to proceed Image Source might win the case and then Plaintiffs would recover nothing. To avoid the cost and uncertainty of litigation, Plaintiffs and Image Source have agreed on the settlement terms described below.

3. What are the settlement terms and how much can I expect to receive if I participate?

a. Overall summary of settlement terms

Image Source will pay three hundred ninety three thousand three hundred dollars (\$393,300) to settle this case (the “Total Settlement Sum”). From that amount, payments will be made to Class Counsel for attorneys’ fees and costs, to the Settlement Administrator for administration costs, to the Named Plaintiffs for their representation of the Class, to the California Labor and Workforce Development Agency (of \$6,000), and to a Reserve Fund (of \$5,000) established to provide payments to certain Class Members who, through no fault of their own, cannot be located or fail to respond in a timely manner. The amounts of these various payments are described in this Notice below. After deduction of these amounts, the remainder – the “Net Settlement Fund” – of approximately \$216,000, will be distributed to Participating Settlement Class Members.

Your individual Settlement Award will be based on your status as a Participating Settlement Class Member and the number of compensable weeks you worked as an Account Executive for Image Source during the Class Period (“Weeks Worked”), as a pro-rata percentage of the total weeks worked by all Image Source Account Executives during the Class Period. In addition, the Weeks Worked by Account Executives will be weighted (i.e., given more weight or counted more through the use of various multipliers) based on the formula for weighting described above that takes into account whether and the extent to which each Class Member received a monthly auto allowance and whether Class Members signed the audit and release paperwork sent to them previously by Image Source. As a general principal, the Weeks Worked of those Class Members who received no monthly auto allowance or lower monthly auto allowances are given more weight in the formula than those with higher monthly auto allowances. Similarly, the Work Weeks of those Class Members who did not sign the audit and release paperwork are also weighted more than those Work Weeks of Class Members who did sign the audit and release. Finally, offsets will be applied to any Settlement Shares for settlement amounts previously paid out to Class Members.

b. Calculation of individual class member payments

For participating in the settlement, you will receive a Settlement Award calculated based on the number of weeks you worked as a Sales Representative for Image Source during the Class Period. “Weeks Worked” means the number of weeks a Class Member was designated as a Sales Representative in California in Image Source’s payroll system during the Class Period and received a payment through Image Source’s payroll system, whether by direct deposit, paycheck, or otherwise. Your total Weeks Worked will be divided by the total weeks worked of all Class Members who have not excluded themselves from the Settlement. Additional weighting will be given to your Weeks Worked based on whether and the extent to which you received a monthly auto allowance and whether you previously signed audit and release paperwork. The resulting fraction or percentage is your pro-rata share of the Net Settlement Fund. An offset will be applied to those Class Members who previously received settlement awards, and they will only receive additional Settlement Shares if their allocated portion of the Net Settlement Amount exceeds the amount that they previously received.

Specifically, the Settlement Administrator shall distribute the Net Settlement Amount (i.e., the amount available to be distributed after deducting attorneys’ fees, litigation costs, settlement administration costs, the PAGA penalty payment, and service awards to the named Plaintiffs), as follows:

To each Class Member, his or her pro rata share will be based on the number of weighted Weeks Worked as an Account Executive during the Class Period, as determined by the Settlement Administrator, based on information provided by Defendant, and as calculated as follows. Each Class Members’ Weeks Worked will be calculated and weighted using the following multipliers:

- 1) Weeks Worked of Class Members in Subclass #1 shall be subject to a 2.0 multiplier (i.e., they will be doubled) for all purposes;
- 2) Weeks Worked of Class Members in Subclass #2 shall be subject to a 1.5 times multiplier;
- 3) Weeks Worked of Class Members in Subclass #3 will be subject to varying multipliers, depending on the amount of their monthly auto allowance received, as follows:
 - a. for Subclass #3 members who received a monthly auto allowance of \$300 per month or less for the majority of their Weeks Worked, their Weeks Worked Shall be subject to a 1.5 multiplier;
 - b. for Subclass #3 members who received a monthly auto allowances of between \$301 to \$400 per month for the majority of their Weeks Worked, their Weeks Worked shall be subject to a 1.35 multiplier;
 - c. for Subclass #3 members who received a monthly auto allowance above \$401, their Weeks Worked shall be subject to a 1.25 multiplier;
- 4) Weeks Worked of Class Members in Subclass #4, who received a monthly auto allowance and who signed the audit and release paperwork, shall be counted and calculated on the basis of the straight number of Weeks Worked without the application of any multiplier.

Specifically, members of Sub Classes #1 and #2 will have their Weeks Worked weighted (i.e., counted) as double the value of the Weeks Worked of those of members in Sub Classes #3 and #4. This is to account for the fact that the members of Sub Classes # 1 and #2 did not receive a monthly auto allowance while the members of Subclasses #3 and #4 did receive a monthly auto allowance to defray their mileage expenses.

In addition, Class Members who have previously received settlement amounts shall have their prior paid amounts treated as credits and offsets to their allocated portions of the Net Settlement Amount. If these Class members’ pro rata weighted Weeks Worked amount due under this agreement exceeds the amount that they previously received for reimbursement payments, they will receive the difference between their Settlement Share minus the amount that they previously received. On the other hand, if the amount that they previously received exceeds the amount that they would be entitled to under this agreement, then those members of Subclass #4 will receive no additional amount as a Settlement Share.

Essentially, if you were paid for mileage during the time you worked at Copier Source, Inc., then your entitlement under the settlement is less than the entitlement of someone who was not paid for mileage. Similarly, Class Members who did not sign prior general releases will be credited with more weighed work weeks than those who signed releases previously.

NO

AL HEARING

c. Who will receive settlement payments?

Any person who was employed by Image Source in California as an Account Executive, Sales Representative, and/or in any similar outside sales job capacity at any time from July 28, 2011 through January 31, 2016, will automatically receive a settlement payment unless he or she submits a valid and timely Request for Exclusion.

d. How much can I expect to receive?

The enclosed Estimated Payment Form (“Share Form”) lists the amount you can expect to receive if you participate in the settlement. This sum is based on Image Source’s records of your Weeks Worked as a Sales Representative and/or similar outside sales job position during the Class Period, and what sub-class you belong to (see description of sub-classes #1-4, above). You have a right to challenge your Weeks Worked information, as well as the categorization within one of the four subclasses, by following the instructions on the Share Form. All challenges must be submitted by June 3, 2016. All Weeks Worked and categorization disputes will be resolved and decided by the Settlement Administrator, and the Settlement Administrator’s decision will be final and binding.

The estimated payment amount may be reduced or increased based upon the information contained in the Share Form, the number of Claim Forms returned, challenges to Weeks Worked, challenges to the sub-class classifications, decisions of the Settlement Administrator regarding such challenges, the number of Class Members who participate in the Settlement, the number of Requests for Exclusion submitted, whether additional Class Members are identified or come forward, the potential reallocation of some of the unclaimed funds to other Class Members, and the terms of the Court’s final approval order.

(1) Applicable Tax Withholding and Responsibility for Taxes

Under the Settlement Agreement, the Parties have agreed that for settlement shares made to Class Members, 33.33% of the shares will be deemed non-taxable payment for reimbursement of business expenses, 33.33% non-taxable interest, and the remaining 33.34% will be non-taxable penalties. Nevertheless, Class Members will still be responsible for the tax consequences of all payments they receive, for filing returns and reporting all income received to state and federal taxing authorities, and for payment of any other applicable taxes due. The Parties to the case cannot provide and will not provide any advice regarding tax obligations. You should seek independent tax advice as to any amounts you receive pursuant to the Settlement from your own tax advisor.

(2) Unclaimed Amounts/Uncashed Checks

The Net Settlement Fund shall be distributed to all Class Members who do not effectively exclude themselves from the Settlement. All settlement checks that are not cashed or deposited within one hundred eighty (180) calendar days of issuance will be void. Any uncashed check funds will then be sent to the California Secretary of State Unclaimed Property Fund. No unclaimed funds or unclaimed check amounts will be returned to Image Source.

Any funds from the \$5,000 reserve fund that are not claimed within one hundred eighty (180) days of the Court’s final approval of the Settlement Agreement, the expiration of time for an appeal, or the conclusion of an appeal, if any (whichever comes later), will be donated to California Rural Legal Assistance, Inc., a nonprofit legal service program created to help California’s low-income individuals and communities.

e. Additional payments to the Named Plaintiffs

The Court has also preliminarily approved Service Award payments of \$6,000 to each of the two Named Plaintiffs (a total of \$12,000 for both Named Plaintiffs). The service awards will be paid from the Total Settlement Sum, which will slightly reduce any payment made to the other Class Members who do not exclude themselves from the Settlement. These service awards are intended to compensate the Named Plaintiffs for their risk incurred and time and efforts in assisting with the prosecution of the Action on behalf of the Class Members and in return for executing a General Release of all Claims against Image Source and the Released Parties, which is broader than the release applicable to the other Class Members who are not Named Plaintiffs.

f. Attorneys’ fees and costs for the Class Counsel

The Court has preliminarily and conditionally approved the following law firms and attorneys as Class Counsel:

ACKERMANN & TILAJEF, P.C.
Craig J. Ackermann
1180 South Beverly Drive, Suite 610
Los Angeles, California 90035
Telephone: (310) 277-0614
cja@ackermanntilajef.com

HAMMONDLAW P.C.
Julian Hammond, Esq.
1829 Reisterstown Rd. Suite 410
Baltimore, MD 21208
(310) 601-6766
jhammond@hammondlawpc.com

You do not need to pay individually any portion of Class Counsel’s attorneys’ fees or costs. All payments for those attorneys’ fees and costs will be deducted from the Total Settlement Sum, which will reduce any payment made to you should you choose to participate in the Settlement. Class Counsel will apply to the Court for final approval of their attorneys’ fees and costs. The attorneys for the Class will ask for reimbursement of their costs of up to \$15,000 actually incurred in litigating this case and for fees of up to \$131,100 (an amount up to one-third of the Total Settlement Sum). The actual amount awarded will be determined by the Court to

ensure that the amount of attorneys' fees and costs is reasonable. The fee will be split equally between the two aforementioned law firms. The fees and costs of Class Counsel will be paid from the Total Settlement Sum provided by Image Source.

g. Settlement Administration Costs

Costs incurred by the Settlement Administrator in connection with providing Notice to the Class, receiving and determining challenges to estimated settlement payment amounts, receiving and forwarding to the Court and the Parties Requests for Exclusion and objection letters received, if any, and calculating and distributing payments due to participating Class Members and others entitled to settlement payment under the terms of the Settlement Agreement as approved by the Court, will be paid from the Total Settlement Sum up to a maximum of \$8,000. The Settlement Administrator's name and contact information is provided below in this Notice.

h. All Payments Subject to Court Approval

All of the payments listed above will be made if and only if the Court grants final approval of the Settlement Agreement based on its finding that the settlement is reasonable, fair, and adequate for the Class. The amounts of those payments may be adjusted by the Court.

4. What Are My Options?

You may exclude yourself from the settlement, object to the settlement, or do nothing.

If you want to participate in the settlement, you do not have to anything. You will receive your Settlement Award automatically if the Settlement is approved by the Court. You also have the right to exclude yourself from the Settlement Class. Finally, you may have a right to object to the settlement. The option you choose affects whether you receive a settlement payment and whether you give up certain rights. These options are also summarized in the chart on the first page of this Notice.

a. What do I have to do in order to receive a settlement payment?

In order to receive a settlement payment, you do not have to take any affirmative steps, but you may not submit an Opt Out Request. If you do not submit an Opt Out Request, your individual Settlement Award will be calculated for you and paid automatically.

b. Can I request to be excluded from the Settlement?

You, or any Class Member, can, if you wish, exclude yourself from the Settlement. If you do so, you will not receive a Settlement Award and will not be subject to the terms of the Settlement Agreement.

You may exclude yourself from the proposed settlement by taking the following steps:

- (1) You must mail a written statement containing your name and address, and the last four digits of your Social Security number and state your desire to be excluded from the Settlement Class to the Settlement Administrator, whose name and address is listed below.
- (2) The request must be postmarked by June 3, 2016.

You cannot both exclude yourself and obtain a Settlement Award. If you exclude yourself, you will not receive any payment pursuant to the Settlement. You also cannot both exclude yourself and object to the settlement. If you submit an Opt Out Request and submit an objection to the settlement, your objection will not be considered.

c. How do I object to the settlement?

If you are satisfied with the proposed settlement, you do not need to express your views or appear at the hearing at which the Court will consider final approval of the settlement. However, if you wish to object to the proposed settlement you must take the steps below. Your failure to do so will be deemed a waiver of your objections and you will not be permitted to appear at the hearing at which the Court will consider whether to grant final approval:

- (1) You must mail a written statement to the Settlement Administrator listed below. The Settlement Administrator will send a copy of your objection to all Parties involved in the case and to the Court.
- (2) The written statement MUST include: your name, address and last four digits of your Social Security number, and state the basis for your objection. You may appear at the final approval hearing personally, or through your own counsel, paid for at your own expense.
- (3) The written statement must be postmarked by June 3, 2016.

If you have satisfied the requirements set forth above, you have the right to address the Court at the hearing scheduled for August 31, 2016, at 1:30 p.m., before the Honorable Kim G. Dunning, Orange County Superior Court Judge, 700 Civic Center Drive West, Santa Ana, CA 92701. Remember, if you submit a Request for Exclusion, you cannot submit an objection.

5. Released Claims -- What will I give up if I participate in the settlement?

The settlement relates to the time that you worked as an Account Executive for Image Source during the Class Period, and to any and all claims related to allegedly unreimbursed business expenses. Specifically, if the proposed Settlement is approved, all Class Members who have not opted out ("Participating Settlement Class Members") will be considered to have released Image Source (including its current and former parent corporations, holding corporations, partners, shareholders, subsidiaries, affiliates, divisions, predecessors, successors, related entities, assigns, and all of their current and former officers, directors, employees, shareholders,

agents, trustees, representatives, attorneys, insurers, employee benefit plans and the trustees and administrators of any such plans, supervisors, successors, affiliated corporations, divisions, subsidiaries, affiliates or related entities, in any and all capacities, including, but not limited to, the fiduciary, representative, or individual capacity of any released person or entity— collectively referred to as the “Released Parties”) from any and all state or federal wage expense reimbursement and penalty claims against the Released Parties and any and all claims, debts, liabilities, demands, actions, or causes of actions of every nature and description that were alleged or that reasonably could have arisen out of the same facts and allegations contained in this Action, including, but not limited to, the alleged failure to pay or provide any Class Member any and all claims related to expense reimbursement and/or indemnification pursuant to Labor Code Section 2802, itemized wage statement penalties, record keeping penalties, restitution, other penalties, attorneys’ fees, and/or costs within the Class Period, arising out of, related to, or in connection with any and all facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions or failures to act alleged in the Action or that reasonably could have arisen out of the same facts alleged in the Action, including but not limited to interest, attorneys’ fees and costs, and all claims under the fraudulent transfers laws, the Private Attorneys General Act of 2004, and the Unfair Competition Law, arising from the claims described above with the Class Period whether known or unknown, and whether suspected or unsuspected, that were either asserted in this Action, could have been asserted in the Action based upon the facts alleged, or which could reasonably arise from facts alleged in the Action, based upon any act or omission occurring at any time through the date the Court enters the Final Approval Order(collectively, the “Released Claims”). The Participating Settlement Class Members will be permanently barred from suing or otherwise making a claim against any of the Released Parties regarding the Released Claims.

Class Members who do not exclude themselves from the settlement will be considered to have accepted the release and to have waived any and all of the Released Claims against the Released Parties.

6. Am I protected against retaliation from my employer if I participate in the settlement?

Yes. California law protects individuals and employees from retaliation based on their decision to participate or not participate in a class action settlement. Image Source is prohibited by law from retaliating in any way based on your decision to participate or not participate in the settlement. Your decision to participate, not participate, or object in this Settlement will not impact your employment with Image Source or Image Source’s treatment of you as a former employee.

7. Where can I get additional information?

This Notice only summarizes this lawsuit, the settlement, and related matters. For more information, please contact the following court-appointed neutral third party Settlement Administrator:

**O’Beirne v. Image Source
c/o Simpluris, Inc.
P.O. Box 26170
Santa Ana, CA 92799
(888) 369-3780**

You are also welcome to visit the Settlement Administrator’s website where the Settlement Agreement, in its entirety, and this Notice are posted. That website is: www.simpluris.com.

The pleadings and other records in this litigation, including the Settlement Agreement, may be examined online at the Orange County Superior Court’s website, known as “Domain Web,” at <https://ocapps.occourts.org/CourtIndex/>. After arriving at the website, click the “Accept the Terms” link, then enter 30-2015-00801066-CU-OE-CXC as the case number in the Civil/Small Claims tab and click “Search.” Images of every document filed in the case may be viewed through the “Register of Actions” at a minimal charge. You may also view images of every document filed in the case free of charge by using one of the computer terminal kiosks available at each court location that has a facility for civil filings.

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT’S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS.