

SETTLEMENT AGREEMENT

Made as of October, 2021

Between

TOM RALLIS

Plaintiff

and

**APPROVAL TEAM INC., SERGEY BARANDICH, PATRICK JARDINE and
ALEKSANDAR SAVIC**

**Defendants
(together the “Parties”)**

Proceedings under the *Class Proceedings Act, 1992*

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- A. **WHEREAS**, on January 17, 2020, the Plaintiff, Tom Rallis, commenced a proposed class action seeking to represent certain current and former employees and independent contractors who worked for Approval Team Inc., in Ontario.
- B. **AND WHEREAS**, the claim was issued against Approval Team Inc., Sergey Barandich, Patrick Jardine, and Aleksandar Savic (“**the Defendants**”) claiming, among other things, compensation for overtime pay, minimum wage, vacation pay and public holiday pay (the “**Class Action**”)
- C. **AND WHEREAS** the Plaintiff retained the law firm Monkhouse Law (“**Class Counsel**”) to pursue the Class Action;
- D. **AND WHEREAS** the Plaintiff brought a motion to certify the Class Action, heard by Justice Glustein on July 7, 2020, which resulted in certification on consent on the majority of the issues;
- E. **AND WHEREAS** the Parties engaged in two (2) days of mediated settlement discussions with Michael Silver, LL.B, LL.M, FCI Arb;
- F. **AND WHEREAS** the Defendants deny the allegations in the Class Action;
- G. **AND WHEREAS** as a result of the mediated talks and other discussions, the Parties entered into a tentative agreement to resolve the Class Action conditional on the execution of a comprehensive, formal settlement agreement;
- A. **AND WHEREAS**, counsel for the Defendants and Class Counsel have engaged in extensive arm’s-length settlement discussions and negotiations (including but not limited the two-day mediation before the Mr. Silver) in respect of this Settlement Agreement and the Full and Final Release attached as **Appendix “A”** hereto;
- H. **AND WHEREAS** the Parties wish to fully and finally resolve all matters in dispute between them in relation to the Class Action;

NOW THEREFORE, in consideration of the covenants, agreements, and releases set forth herein and in the Full and Final Release, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that

the Action be dismissed against the Defendant on the merits with prejudice, subject to the approval of the Ontario Court, on the following terms and conditions:

A. DEFINITIONS

For the purposes of this Settlement Agreement, including the recitals and schedules hereto:

- a) ***Approval Hearing*** means the hearing of the motion before the Ontario Court for the approval of this Settlement Agreement.
- b) ***Approval Team*** means Approval Team Inc.
- c) ***Class Action*** means the action issued in the Ontario Superior Court of Justice, Tom Rallis v Approval Team Inc., Sergey Barandich, Patrick Jardin and Aleksandar Savic, bearing Court File No. CV-20-00634668-00CP.
- d) ***Class Counsel*** means Monkhouse Law.
- e) ***Class Counsel Fees*** means the fees, disbursements, HST, and other applicable taxes or charges of Class Counsel.
- f) ***Class Members*** means those independent contractors and/or employees who worked or continue to work for Approval Team Inc. as salespersons or sales managers from 2018 to the date of notice to the class.
- g) ***Class Period*** means 2018 to the date of certification of the Extended Class.
- h) ***Common Issues*** means the common issues listed as Schedule “A” to this Settlement Agreement.
- i) ***Counsel for the Releasee or Defendants’ Counsel*** means Fogler Rubinoff LLP.

- j) **Defendants** means Approval Team Inc., Sergey Barandich, Patrick Jardin, and Aleksandar Savic.
- k) **Effective Date** means the date when a final order has been received from the Ontario Court approving the Settlement Agreement.
- l) **Extended Class** means the proposed class definition which extends beyond the certified definition of the class to also include those individuals who worked as employees for Approval Team.
- m) **First Order** means the order of the Court approving the dissemination of the Notice of Settlement Approval Hearing as outlined in the Notice Plan, attached as Schedule C of the Settlement Agreement.
- n) **Final Order** means the final order entered by the Court in respect of the approval of this Settlement Agreement, once the time to appeal such order has expired without any appeal being taken, if a right of appeal exists, or if an appeal from a final order is taken, once there has been affirmation of the approval of this Settlement Agreement upon a final disposition of all appeals.
- o) **Notice of Settlement Approval** means the form of notice, agreed to by the Parties or such other form as may be approved by the Court, which informs the Class of the approval of this Settlement Agreement, and how to make a claim.
- p) **Ontario Court or Court** means the Ontario Superior Court of Justice.
- q) **Original Class** means the class definition certified by Justice Glustein on July 7, 2020.
- r) **Party and Parties** means the Defendants, the Plaintiffs, and where necessary, the Class Members.

- s) **Plaintiff** means Tom Rallis.
- t) **Person** means an individual, corporation, partnership, limited partnership, limited liability company, associate, joint stock company, estate, legal representative, trust, trustee, executor, beneficiary, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity and their heirs, predecessors, successors, representatives or assignees.
- u) **Released Claims** means any and all manner of claims, proceedings, demands, actions, suits, causes of action, whether class, individual or otherwise in nature (whether or not any Class Member has objected to the Settlement or this Release or makes a claim upon or received a payment from the Settlement Amount, whether directly, representatively, derivatively or in any other capacity), whether personal or subrogated, damages of any kind (including compensatory, punitive or other damages) whenever incurred, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses, penalties, and lawyers' fees (including Class Counsel's fees and disbursements), known or unknown, suspected or unsuspected, actual or contingent, liquidated or unliquidated, in law, under statute or in equity, that the Releasers, or any of them, ever had, now has, or hereafter can, shall, or may ever have, on account of, or in any way related to statutory minimum employment standards for the misclassification and employment of Class Members, specifically any past or future claims for minimum employment standards such as minimum wage, overtime pay, vacation pay, public holiday pay or premium pay.
- v) **Releasees** means the Defendants and each of their past and present parents, subsidiaries, affiliates, partners, insurers, and all other persons, partnerships, or corporations with whom any of the foregoing have been, or are now, affiliated, and each of their respective past and present officers, directors, employees, agents, stockholders, attorneys, servants, representatives, and insurers, and the predecessors, successors, heirs, executors, administrators and assigns of any of the foregoing.

- w) **Releasors** means, jointly and severally, individually and collectively, the Plaintiff and the Class Members and all of their past and present heirs, beneficiaries, executors, administrators, trustees, servants, agents, successors, assigns, and representatives, and all other persons, partnerships or corporations with whom any of the former have been, or are now, affiliated, and the heirs, beneficiaries, executors, administrators, trustees, servants, agents, successors, assigns, and representatives of the foregoing, other than Persons who validly and timely opt out or have already validly and timely opted out of the Action.
- x) **Settlement Agreement** means this settlement agreement and all appendices and schedules thereto.
- y) **Settlement Amount** means \$850,000, all inclusive.

B. BEST EFFORTS TO SECURE COURT APPROVAL

- 1. The Settlement Agreement is conditional upon:
 - a) The Court issuing an order amending the class definition; and
 - b) The Court approving this Settlement Agreement on the terms that follow.
- 2. The terms of the Settlement Agreement will only become effective following the expiration of any appeal rights and/or the dismissal of any appeals in relation to the Court's approval of this Settlement Agreement (the "Final Approval").
- 3. For further clarity, this Settlement shall be null and void and of no force or effect unless the Ontario Court approves this Settlement Agreement.
- 4. The Parties shall use their best effort to affect this Settlement and to secure the prompt, complete, and final dismissal with prejudice of the Action against the Defendants.

C. CERTIFICATION OF THE EXTENDED CLASS

- 5. This class action was certified by Justice Glustein on July 7, 2020 based on the following definition:

All salespersons and sales managers of Approval Team Inc. who, since 2018 to the date of notice to the class, worked or continue to work for Approval Team Inc. as independent contractors.

6. The Parties agree that, for the purposes of settlement, this Class Action shall be certified as a class proceeding with the following amended class definition pursuant to the Class Proceedings Act, 1992, S.O, 1992, c.6:

All salespersons and sales managers of Approval Team Inc. who, since 2018 to the date of notice to the class, worked or continue to work for Approval Team Inc., as independent contractors and/or employees.

7. The Parties agree that this Class Action shall be certified on the basis of the common issues attached as Schedule “A”.

D. PAYMENT OF SETTLEMENT AMOUNT

8. The Defendants shall pay a lump sum of \$850,000 (the “Settlement Fund”) into an interest-bearing trust account within 14 days of Final Approval, to be allocated in accordance with the Distribution Plan set out in Schedule “B” to the Settlement Agreement. Defendants’ Counsel will provide confirmation of its compliance with this section in a form to be agreed upon by counsel.
9. The Parties agree that the Settlement Fund is inclusive of Class Counsel’s fees as agreed upon in the retainer between the Plaintiff and Class Counsel.
10. The Parties agree that the Settlement Fund is inclusive of an honorarium of \$10,000 for Tom Rallis.
11. For further clarity, the Parties agree that if the Court does not approve Class Counsel’s fees or the honorarium, these amounts will revert to the Class Members and not to the Defendants, save and except any amounts left after distribution, which will revert to the Defendants.

E. ADMINISTRATION COSTS AND OBTAINING FINAL APPROVAL

12. As soon as possible, the Parties will jointly schedule a case conference of the purpose of obtaining directions from the Court on the administration of the Settlement Agreement and the steps leading to Final Approval.
13. At the Plaintiff's own expense, the Plaintiff will move as soon as practicable, for an Order for the certification of the Extended Class, approval of settlement, approval of counsel fees and honorarium.
14. The Order will ask the Court to:
 - a) Certify the Class Action in favour of the Class Members described above;
 - b) Certify the common issues described in Schedule "A";
 - c) Approve this Settlement Agreement; and,
 - d) Set out all other orders and relief necessary to carry out the administration of this Settlement Agreement. (the "Final Approval Order").
15. The Defendants will consent to this relief.
16. At the Plaintiff's own expense, the Plaintiff will also move, on October 26, 2021, for an Order on such terms as approved by the Court approving Class Counsel's fees, disbursements, and taxes.
17. The Defendants recognize that Class Counsel's fees, disbursements, and taxes payable are a matter between Class Counsel and the Class, subject to approval by the Court. The Defendants agree that they will not object to or oppose Class Counsel's reasonable request for approval of Class Counsel fees, disbursements, and taxes so long as it does not exceed the maximum payable under the retainer agreement with Class Counsel. The Defendants will make submissions regarding this issue if directed by the Court.
18. Class Counsel fees, disbursements, and taxes and the Honorarium for the representative plaintiff shall be reimbursed and paid solely out of the trust account holding the Settlement

Fund within fourteen (14) days of the deposit of the Settlement Fund or by such date as the Court may order.

19. The Parties will give notice of the Certification and Settlement Approval Hearing and of the Certification and Settlement Approval in accordance with the procedures outlined in the Notice Plan found at Schedule “C” to the Settlement Agreement. The Parties will obtain whatever directions or orders are necessary from the Court to effectuate this notice.
20. The Defendants will pay the costs of the dissemination of all notices set out in the Notice Plan save and except those forms of notice Class Counsel has agreed to carry on at its own cost.
21. The Defendants will assume the entire cost of administering the Settlement Agreement, including the cost of sending follow-up communications, the cost of paying Class Members from funds deposited in trust, the cost of sending new cheques in the case of lost or stolen cheques or other non-deposit by a Class Member, and any costs associated with any steps outlined in the Distribution Plan and the Notice Plan found at Schedules “B” and “C” to the Settlement Agreement. Reasonable labour costs associated with the administration of the Settlement Agreement including but not limited to those of the Defendants’ counsel, employees, and independent contractors, can be paid from the Settlement Fund as approved by the Court.
22. The Parties will give notice of the Final Order in accordance with the procedures outlined in the Notice Plan found at Schedule “C” to the Settlement Agreement.
23. Class Members wishing to opt out must do so by the Opt-Out Deadline by completing the Opt-Out Form found at Schedule “D” to the Settlement Agreement and by delivering it to the Class Counsel by regular mail, fax or email. A Class Member that provides Class Counsel with substantially the same information as found in the Opt-Out Form by the Opt-Out Deadline will also be deemed to have opted out of the Class Action.
24. Class Counsel will provide the Defendants with a list of the Class Members who opted out by the Opt-Out Deadline within 7 days of the Opt-Out Deadline.
25. In the event the Settlement Agreement is not approved by the Court, the Court will be asked by the Parties for further directions in respect of the proceeding of the Class Action.

F. THE RELEASES IN FAVOUR OF THE DEFENDANTS

26. The Settlement Agreement is binding on each Class Member who does not opt out by the Opt-Out Deadline.
27. The Plaintiff agrees to and will execute a copy of the Full and Final Release appended to this Settlement Agreement as Appendix “A”. The Full and Final Release will be brought forward to the Court as part of the approval process.
28. Class Counsel and the Representative Plaintiff agree that they will not make any disparaging or other derogatory remarks about Approval Team, its officers, directors, employees, servants, or agents, Sergey Barandich, Patrick Jardine or Aleksandar Savic to the media, including social media, or on online forums or discussion groups. Class Counsel and the Representative Plaintiff further agree that they will not encourage any other person or entity to make any derogatory statement or statements about Approval Team, its officers, directors, employees, servants, or agents, Sergey Barandich, Patrick Jardine or Aleksandar Savic to the media, including social media, or on online forums or discussion groups. This clause shall not operate to prevent Class Counsel or the Representative Plaintiff from communicating with the media or responding to media inquiries, but any such communications or responses shall comply with this clause.
29. Similarly, Approval Team Inc. and its directors and officers and Sergey Barandich, Patrick Jardine and Aleksandar Savic also agree that they will not make any disparaging or other derogatory remarks about the Representative Plaintiff or Class Counsel to the media, including social media, or on online forums or discussion groups. Approval Team Inc. and its directors and officers and Sergey Barandich, Patrick Jardine and Aleksandar Savic further agree that they will not encourage any other person or entity to make any derogatory statement or statements about the Representative Plaintiff or Class Counsel to the media, including social media, or on online forums or discussion groups. This clause shall not operate to prevent the Defendants from communicating with the media or responding to media inquiries, but such communications or responses shall be required to comply with this clause.
30. The Parties acknowledge that Approval Team Inc., Sergey Barandich, Patrick Jardine and Aleksandar Savic deny the truth of the allegations made in the Class Action for the Class Period and, in fact, deny any liability whatsoever.

G. COOPERATION AND ASSURANCES

31. The Parties, through counsel, will consent to such Orders and sign such other documentation as is reasonably required to give effect to the Settlement Agreement and undertake to seek no additional relief in respect of the Class Action for the Class Period nor make any submissions to the Court other than as may be required to obtain Final Approval of the Settlement Agreement.

H. MOTIONS FOR DIRECTIONS

32. Either or both of the Parties may apply to the Court as may be required for directions in respect of the interpretation, implementation and administration of this Settlement Agreement.
33. The Parties agree to retain Michael Silver in the event the Parties elect to arbitrate this Settlement Agreement.
34. All motions contemplated by this Settlement Agreement shall be on notice to the Parties.

I. PUBLIC DISCLOSURE RESPECTING THE SETTLEMENT AND SETTLEMENT AGREEMENT

35. Class Counsel is not precluded from disclosing or referencing any aspect of the Settlement or Settlement Agreement that is a matter of public record once the Court has approved the giving of the notice of the Final Approval Order.
36. Nothing in the Settlement Agreement precludes communications between Class Counsel and Class Members, including communications advising Class Members of developments through updates posted to Class Counsel's webpage, telephone hotline, email, and otherwise.

J. MISCELLANEOUS

37. This Settlement Agreement constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection with the subject matter of the Settlement Agreement.

38. The Recitals, schedules, appendices and headings to this Settlement Agreement are true and form part of the Settlement Agreement.
39. The Settlement Agreement may not be modified or amended except in writing and on consent of all Parties and any such modification or amendment must be approved by the Court.
40. This Settlement Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, assigns, heirs, administrators and/or legal representatives.
41. This Settlement Agreement will be governed by and construed in accordance with the laws of the Province of Ontario.
42. Once the Settlement is approved by the Ontario Court and the approval order becomes a final order, this Settlement Agreement shall be binding upon, and inure to the benefit of, the Plaintiff, the Defendant, Class Counsel, and Defendant's Counsel.
43. This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing this Settlement Agreement. This Settlement Agreement may be delivered and are fully enforceable in either original, faxed, or other electronic form provided they are duly executed.

TOM RALLIS, on his own behalf and on behalf of the Class, by his counsel:

Name of Authorized Signatory

Alexandra Monkhouse

Monkhouse Law, Class Counsel

Signature of Authorized Signatory

Alexandra Monkhouse

Name of Authorized Signatory

Andrew Monkhouse

Monkhouse Law, Class Counsel

Aella Monkhouse

Signature of Authorized Signatory

APPROVAL TEAM INC., SERGEY BARANDICH, PATRICK JARDINE AND
ALEKSANDAR SAVIC

Name of Authorized Signatory

Diana F. Saturno

Folger, Rubinoff LLP

Signature of Authorized Signatory

Diana F. Saturno

Name of Authorized Signatory

Diana F. Saturno

Folger, Rubinoff LLP

Signature of Authorized Signatory

Diana F. Saturno

APPENDIX A- FULL AND FINAL RELEASE

FULL AND FINAL RELEASE

(“RELEASE”)

1. The definitions set out in the Settlement Agreement continue to apply for purposes of this Release.
2. The Settlement Amount and any other consideration provided in accordance with the terms of this Release shall be provided in full satisfaction of the Released Claims against the Releasees.
3. The Settlement Amount shall be all-inclusive of all amounts, including interest, costs, administration expenses, Class Counsel fees and Class Counsel disbursements.
4. The Releasees shall have no obligation to pay any amount in addition to the Settlement Amount, for any reason, pursuant to or in furtherance of the Settlement or this Release.
5. Upon the Effective Date, and in consideration of payment of the Settlement Amount and for other valuable consideration set forth in the Settlement Agreement, the Releasors forever and absolutely release and forever discharge the Releasees from the Released Claims that any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have.
6. The Releasors agree that if they or any one of them including anyone on behalf of whom they act as litigation guardian make any claim, demand, or complaint or take any action or proceeding against the Releasee(s) arising out of the Released Claims that this Release shall be deemed to be a complete defence and bar to any such claim, demand, complaint, action or proceeding.

7. The Plaintiff and Class Members acknowledge that they may hereafter discover facts in addition to, or different from, those facts which they know or believe to be true regarding the subject matter of the Settlement Agreement and Release, and it is their intention to release fully, finally and forever all Released Claims and, in furtherance of such intention, this release shall be and remains in effect notwithstanding the discovery or existence of additional or different facts.
8. Upon the Effective Date, each Releasor shall not now or hereafter institute, continue, maintain, intervene in or assert, either directly or indirectly, whether in Ontario or elsewhere, on their own behalf or on behalf of any class or any other Person, any proceeding, cause of action, claim or demand against any Releasee, or any other Person who may claim contribution or indemnity, or other claims over relief, from any Releasee, whether pursuant to the *Employment Standards Act, 2000*, S.O. 2000, c. 41, or any other legislation or at common law or equity in respect of any Released Claim. For greater certainty and without limiting the generality of the foregoing, the Releasors shall not assert or pursue a Released Claim, against any Releasee under the laws of any foreign jurisdiction.
9. The Releasors further agree to indemnify and save harmless the Releasees from any and all claims or demands under the *Income Tax Act* of Canada and/or the *Income Tax Act* of the Province of Ontario and/or under the *Employment Insurance Act* of Canada in respect of any failure on the part of the Releasees to withhold income tax, either during their engagement with the Releasees or as part of this settlement, and/or with respect to any amounts previously paid to the Releasors by Employment and Social Development Canada on account of employment insurance benefits received from the said consideration and any interest or penalties relating to same, and further, to indemnify the Releasees for any costs or expenses it may incur in defending such claims or demands.
10. The Plaintiff acknowledges and agrees:

- a) that he has read this Release carefully, has understood it, and has signed it of his own free will and without any form of duress being exerted upon him by anyone; and
 - b) that he has been advised of the prudence of seeking independent legal advice and has obtained such advice in connection with the execution of this Release.
11. This Release may be executed in separate counterparts, and all such executed counterparts when taken together shall constitute a fully executed Release.
 12. This Release shall be governed by and interpreted exclusively according to the laws of Ontario and no other jurisdiction's laws apply to this Release.
 13. Whenever possible, each provision of this Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Release is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Release provided that such a result would not fundamentally deprive the Releasees of the benefit of the Releasees' bargain hereunder.

IN WITNESS WHEREOF, we have hereunto set our hands this ___14th___ day of ___October___ 2021.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

<p><i>Alexandra Monkhouse</i></p> <hr style="border: 0.5px solid black;"/> <p>Witness (signature)</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><i>[Signature]</i></p> <hr style="border: 0.5px solid black;"/> <p>REPRESENTATIVE PLAINTIFF</p>
<p>Alexandra Monkhouse</p> <hr style="border: 0.5px solid black;"/> <p>(print name)</p>		

SCHEDULE A – PROPOSED COMMON ISSUES

Proposed Common Issues:

A. The Common Issues for all class members classified as independent contractors:

- 1) Whether the actual circumstances of the relationship between Approval Team Inc. and the class members constitute an employee/employer relationship such that the class members were not independent contractors.

If the answer to 1 is yes:

- 2) What are the terms (express or implied or otherwise) of the class members' contracts of employment with Approval Team Inc. regarding:
 - (a) Regular and overtime hours of work;
 - (b) Recording of the hours worked by the class members;
 - (c) Breaks;
 - (d) Payment of hours worked by class members; and
- 3) Whether Approval Team Inc. breached any of the contractual terms and if so, how. Without limiting generality of the forgoing, whether the class members are owed damages from Approval Team for:
 - (a) Compensation below minimum wage;
 - (b) Vacation pay; and,
 - (c) Public holiday pay and premium pay.
 - (d) If such a duty exists, whether Approval Team Inc. breached that duty.
- 4) Whether the Defendant has a duty (in contract or otherwise) to accurately record and maintain a record of all hours worked by class members to ensure that class members were appropriately compensated for same.

- (a) If such a duty exists, whether the Approval Team Inc. breached that duty.
- 5) Whether the Defendant has a duty in contract, tort or otherwise to implement and maintain an effective and reasonable system or procedure which ensured that the duties in Common Issues 4) above were satisfied for all non-managerial salespersons.
- (a) If such a duty exists, whether the Approval Team Inc. breached that duty.
- 6) Whether Approval Team Inc. is liable, and must reimburse the class members, for any Canada Pension Plan or Employment Insurance Act contributions which they may have paid or are owed resulting from the failure of the Defendant to pay statutory contributions.
- (a) If such a duty exists, whether the Approval Team Inc. breached that duty.
- 7) If liability is established in respect of any of Common Issues 2 to 6 listed above, are aggregate damages available?

If the answer to 7) is yes:

- 8) What is the most efficient method to assess those aggregate damages? Without limiting the generality of the foregoing, can aggregate damages be assessed in whole or in part on the basis of statistical evidence, including statistical evidence based on random sampling?
- 9) What is the quantum of aggregate damages owed to class members or any part thereof?
- 10) What is appropriate method or procedure for distributing the aggregate damages award to class members?

B. Common Issues only for salespersons (independent contractors or employees) and not for sales managers

- 11) What are the terms (express or implied or otherwise) of the class members' contracts of employment with Approval Team Inc. regarding:
- (a) Lieu time as purported compensation for overtime hours worked.

- 12) Whether Approval Team Inc. breached any of the contractual terms and if so, how. Without limiting generality of the forgoing, whether the class members are owed damages from Approval Team Inc. for:
 - (a) Unpaid overtime.

- 13) Whether Approval Team Inc. has a duty (in contract or otherwise) to prevent class members from working, or a duty to not permit or encourage class members to work, overtime hours for which they were not properly compensated or for which Approval Team Inc. would not pay.
 - (a) If such a duty exists, whether the Approval Team Inc. breached that duty.

- 14) Whether Approval Team has a duty in contract, tort or otherwise to implement and maintain an effective and reasonable system or procedure which ensured that all duties in Common Issue 13) above were satisfied for all salespersons.
 - (a) If such a duty exists, whether Approval Team Inc. breached that duty.

SCHEDULE B - DISTRIBUTION PLAN

Payment of Funds

1. As outlined in the Settlement Agreement, Approval Team will pay a lump sum of \$850,000 (the "Settlement Fund") into an interest-bearing trust account within fourteen (14) days of Final Approval.
2. Approval Team will provide confirmation in a form acceptable to Class Counsel of its compliance with the payment terms outlined in the Settlement Agreement.
3. Approval Team will, within fourteen (14) days of the deposit of the Settlement Fund, or by such date as the Court may order, pay from the Settlement fund the approved amount to Class Counsel, in trust, on account of Class Counsel's fees, disbursements, and HST and the Honorarium of the Representative Plaintiff.
4. Approval Team will thereafter maintain the balance of the Settlement Fund in the same interest-bearing trust account to accrue interest until such time as payments can be made to Class Members. For the purposes of calculating the amounts to be paid to Class Members from the Settlement Fund, "Net Proceeds" shall hereafter mean the portion of the Settlement Fund remaining after the payment of approved Class Counsel fees, disbursements, and the honorarium to the Representative Plaintiff, if approved.

The Claims Determination Process

Definitions

5. For the purposes of this section, the following terms will have the following meanings:
 - (a) "Appeal Deadline" means the date by which the Appeal form must be received by the Referee;
 - (b) "Appeal Form" means the template form entitled "Appeal Form as agreed between Class Counsel and Approval Team through its counsel;
 - (c) "Claim Amount" means the initial assignment of values for Class Members of

amounts to be paid out by Approval Team;

- (d) "Claims Form" means the form entitled "Claims Form" appended to this Distribution and Notice Plan;
- (e) "Employment Agreement" means any contract or agreement entered into between a Class Member and Approval Team and which provided that the Class Member was being hired to work for Approval Team as an employee;
- (f) "Main Quotient" means the end result of the application of the formula set out below;
- (g) "Notification Letter" means the form entitled "Notification Letter" appended to this Distribution and Notice Plan;
- (h) "Payment Notification Letter" means the form entitled "Payment Notification Letter" appended to this Distribution and Notice Plan;
- (i) "Referee" means the person agreed to by the Parties who will review any appeals launched by a Class Member in accordance with the procedure outlined in this Distribution Plan;

The Claims Form

6. In order to receive any payment, Class Members will be required to complete and return a Claims Form to Approval Team or otherwise advise Approval Team of the information set out in the Claims Form. Claims Forms or information set out in the Claims Forms must be received by Approval Team within 90 days of the Notice of Certification and Settlement Approval or as determined by the Court, in order for the Class Member to receive compensation (“**Claims Deadline**”).
7. An incomplete or improperly completed Claims Form will not be grounds to deny a Class Member compensation. Approval Team will, upon receipt of any incomplete or improperly completed Claims Form, contact the Class Member and use good faith efforts to correct any deficiencies with the Claims Form.

Approval Team's Review

8. Within 60 days of the Claims Deadline, Approval Team will consult the Claims Form, any other information and documents received by a Class Member with or apart from the Claims Form, contracts in its possession, payroll records in its possession, and any other document it deems relevant in order to determine, for each Class Member, the following:
 - (a) During what period the Class Member was engaged by Approval Team as an independent contractor, if applicable;
 - (b) During what period the Class Member was engaged by Approval Team as an employee, if applicable;
 - (c) Whether the Class Member was engaged as a salesperson or sales manager;
 - (d) How much the Class Member had earned for each pay period and in total while engaged as an independent contractor, if applicable; and
 - (e) How much the Class Member had earned for each pay period and in total while engaged as an employee, if applicable.
9. Approval Team will track its efforts in coming to these conclusions in a form and manner acceptable to Class Counsel.

Notice to Class Members of a Determination

10. Within 90 days of the Claims Deadline, Approval Team will send each Class Member who delivered a timely Claims Form or who delivered the information outlined in the Claims Form in a timely fashion an individualized Notification Letter listing, for each Class Member, setting out the Defendants' determination regarding the Class Member's total earnings and estimated settlement benefit based on the Defendant's review, as outlined above. Class Counsel will assist Approval Team as reasonably required.
11. Approval Team will send each Class Member's Notification Letter using the mailing address, email address, supplied by the Class Member on the Claims Form or supplied by

the Class Member in some other satisfactory manner. The Parties agree that the intention is to make best efforts to ensure that the Class Member receives the Notification Letter.

12. Approval Team will enclose with the Notification Letter an Appeals Form, which Appeals Form will outline how the Class Member can appeal Approval Team's conclusions as set out in the Notification Letter.

Appeals

13. Any Class Member dissatisfied with the contents of the Notification Letter may appeal to a Referee by completing an Appeal Form and submitting it to the Referee by regular mail, fax, or email.
14. In order to appeal, the Referee must have received the Class Member's Appeal Form and any enclosures within thirty (30) days of the date on which the Class Member received the Notification Letter. The Class Member will be deemed to have received a Notification Letter by mail five (5) business days after the Notification Letter is mailed.
15. Any Class Member who commences an appeal must pay a fee of \$100.00 to the Referee, in trust, in order to commence such appeal.
16. For each appeal, Approval Team will provide the Referee and the affected Class Member with a copy of any documents Approval Team relied on to make its determination within four (4) weeks of the filing of the appeal.
17. The affected Class Member will then have two (2) weeks in which to email any submissions they may wish to make in support of their appeal.
18. Approval Team will then have two (2) weeks in which to email any submissions they may wish to make in support of their initial determination in the Notification Letter.
19. Within two (2) weeks of the date on which the Approval Team's submissions were due, the Referee will issue a decision in the form of a fresh Notification Letter sent to the affected Class Member by email.

20. If the Class Member's appeal is successful in any way, the \$100.00 fee paid by the Class Member will be reimbursed by the Referee. If the Class Member is not successful, the Class Member will not be reimbursed the \$100.00 fee paid to the Referee.
21. If a Class Member does not appeal, they shall be deemed to have accepted the contents of the Notification Letter sent to them by Approval Team.
22. All of the Referee's fees, costs, and expenses shall be paid by Approval Team save and except that portion of the Referee's fees, costs, and expenses paid by each Class Member who appeals unsuccessfully.

Calculation of Payment and Payment Notification

23. Once all appeals have been resolved and the deadline for all appeals has passed, Approval Team will calculate the amounts owing to each Class Member who submitted a Claims Form or who otherwise advised Approval Team of the information set out in the Claims Form or information.
24. Approval Team's calculations will follow the formulae and steps set out in the present section and will be conducted in a form and manner that will permit ongoing reporting to Class Counsel.
25. All figures calculated by Approval Team will be rounded down to the nearest 1/100 (hundredths) of a decimal point.

Step 1 – Minimum Wage Amount

26. For each Class Member, Approval Team will determine the paid hourly rate (“**Hourly Rate**”) by dividing the amount paid to the class member by the number of weeks in the pay period multiplied by 44 (“**Hours Worked**”). **Class members were generally paid monthly and the formula for determining the hourly rate is as follows:**

Hourly rate= $a/(b*44)$, where a is the monthly payment and b is the number of weeks in the applicable pay period.

27. If the Hourly Rate is below \$14 (“**Minimum Wage**”), then the Minimum Wage Amount assigned to the Class Member will be the difference between the Minimum Wage less the Hourly Rate multiplied by the Hours Worked, defined above.

Step 2 –Holiday Pay and Vacation Pay

28. For Class Members who worked as Independent contractors, Approval Team will assign 4% of the amount paid to the Class Members as Vacation pay.
29. For Class Members who worked as Independent contractors, Approval Team will pay 8 hours of work based on the Hourly Rate for each Public Holiday that occurred during their engagement with Approval Team.

Step 3 – Overtime

30. For Class Members who worked as salespersons, Approval Team will assign 3 hours of overtime per week (“**Assumed Overtime**”) during their tenure with Approval Team. For further clarity, Class Members who worked as sales managers will not be assigned overtime.
31. The Overtime Rate will be determined by multiplying 1.5 by the higher of the Hourly Rate or Minimum Wage.
32. Each eligible salesperson will be assigned an amount equal to the Overtime Rate multiplied by the Assumed Overtime for each week while the Class Member worked for Approval Team.

Step 4 – Determining the Claim Amounts and Main Quotient

33. Approval Team will then add up all of the values assigned in Steps 1, 2, and 3 for each of the affected Class members (“**Claim Amount**”).
34. Approval Team will then add up all the Claim Amounts and divide the total by the Net Proceeds.
35. The quotient derived from this calculation will be rounded down to the nearest 1/100

(hundredths) of a decimal point (the “**Main Quotient**”).

Step 5 – Calculation of Amounts to be Paid to Class Member

36. For each Class Member, Approval Team will determine the amounts to be paid as follows:
 - (a) Claim Amount / Main Quotient
37. For greater certainty, it will be possible that Class Members receive less than the amount calculated in their Claim Amount or more than what was calculated in their Claim Amount.
38. For greater certainty, this determination will aim to allocate all of the Net Proceeds to Class Members.

Step 6 - Payment Notification Letter

39. 60 days after the appeals process is complete, Approval Team will:
 - (a) send each Class Member an individualized Payment Notification Letter; and,
 - (b) either deposit the Class Member's payment into their banking account if requested or deliver, with the individualized Payment Notification Letter, a cheque or cheques totaling the amount to be paid.

Tax Matters

40. For class members classified as independent contractors, Approval Team will make the payments as damages and will not withhold tax on them. For clarity, the payments for class members classified as independent contractors are inclusive of HST, if applicable. For class members classified as employees, Approval Team will issue a T4 and withhold applicable taxes.

No Appeal

41. Class Members cannot appeal or otherwise seek to have reviewed the final determinations and payments as outlined in the Payment Notification Letters.

Reports to Class Counsel and Class Counsel's Monitoring Role

42. Class Counsel will oversee the Distribution Plan and provide advice and assistance to Approval Team, through its counsel, regarding this Distribution Plan and the claims administration process generally.
43. Class Counsel and Approval Team, through its counsel, will agree on the templates for each of the Claims Forms, Notification Letter, Appeal Form and Payment and Notification Letter.
44. Approval Team, through its counsel, will provide Class Counsel with ongoing reports of its progress in a form acceptable to Class Counsel. Without limiting the generality of this reporting obligation, and without purporting to replace the other notices and information Approval Team has agreed to provide elsewhere in the Settlement Agreement and in the Distribution and Notice Plan, the reports will include reports concerning the following:
 - (a) the number of Class Members who have filed a Claims Form or other information for the purposes of initiating a claim;
 - (b) details concerning Approval Team's efforts to follow-up with Class Members and contact Class Members;
 - (c) the number of appeals filed to the Referee;
 - (d) the Net Proceeds available, with access to bank or account statements being provided if requested;
 - (e) the application by Approval Team of the formulae set out in this Distribution Plan.

Undeliverable and Uncashed Cheques

45. In the event that a cheque provided to any Class Member is returned as undeliverable or due to a change of address, Approval Team will make reasonable efforts to locate the Class Member and will notify Class Counsel within 10 days and Class Counsel will have an

opportunity to locate the Class Member.

46. In the event that a cheque provided to any Class Member is uncashed after 6 months, the cheque will be considered stale.
47. This distribution plan is set such that there should be no amounts left of the Net Proceeds after distribution with the exception of potential stale or undeliverable cheques.
48. If, as a result of cheques being undeliverable or stale, any amounts remain of the Net Proceeds, and class members who have submitted a claim did not receive their full claim amount, those funds will be distributed among the class members who have submitted claim forms on a pro-rata basis depending on the claim amount of the respective Class Member. If any amounts still remain of the Net Proceeds, they will revert back to the Defendants.

Final Report

49. Within sixteen (16) months of the Final Approval, the Defendants will provide Class Counsel with final report indicating the amounts paid to Class Members and the amounts that would revert to the Defendants accompanied by all relevant calculations and documents to support the distribution.
50. The Defendants will at their own expense and on notice to the parties move a motion to have the Court approve the reversion of any funds left over from the distribution.
51. For further clarity, the costs of preparing the final report shall not be borne from the Settlement Funds or Net Proceeds.

SCHEDULE C - NOTICE PLAN

1. All Capitalized Terms in this Distribution and Notice Plan are taken from the Settlement Agreement or are defined below.
2. All costs associated with giving notice to Class Members will be borne by Approval Team except that Class Counsel will assume the cost of posting notices on its website and sending emails to those on its own lists.

Identification of Class Members

3. Approval Team, with input from Class Counsel, completed an extensive review of its emails and contracts with Class Members in order to compile a list of last known contact information, including last known physical addresses, phone numbers, and email addresses.

Communications with Class Members

4. All of the Defendants' and Class Counsel's communications with Class Members will be sent to the Class Members' most recent email address as set out in the Class Member List.
5. Any emails from the Defendants to the Class will be sent from an email address associated with Approval Team and the Notification Letters and Payment Notification Letters will be sent on Approval Team's letterhead.

Notice of Settlement Approval and Certification Hearing

6. Within five (5) days of receiving the Class Member List from the Defendants, Class Counsel shall send the short-form Notice of Certification and Settlement Approval Hearing, attached as a Schedule "A" to the First Order (the "**Short-Form Notice of Certification and Settlement Approval Hearing**"), to each Class Member by email to the individual's last known email address, as set out in the Class Member List.

7. Within five (5) days of the First Order having been issued by the Court, Class Counsel shall post a copy of the Short-Form Notice of Certification and Settlement Approval Hearing and a copy of the long-form Notice of Certification and Settlement Approval Hearing, attached as Schedule “B” to the First Order (the “**Long-Form Notice of Certification and Settlement Approval Hearing**”), on Class Counsel’s website, at <https://www.monkouselaw.com/approval-team-employment-standards-class-action>
8. Class Counsel will send the Short-Form Notice of Certification and Settlement Approval Hearing to all Class Members who contacted Class Counsel about the proceeding using the contact information provided by the Class Member.

Notice of Settlement Approval

9. Within ten (10) days of the Settlement Approval Order being granted by the Court, the Defendants shall send the short-form Notice of Settlement Approval, attached as Schedule “A” to the Settlement Approval Order (the “**Short-Form Notice of Settlement Approval**”), to each Class Member by email to the individual’s last known email address, as set out in the Class Member List.
10. Within five (5) days of the Settlement Approval Order having been issued by the Court, Class Counsel shall post a copy of the Short-Form Notice of Settlement Approval and a copy of the long-form Notice of Settlement Approval, attached as Schedule “B” to the Settlement Approval Order (the “**Long-Form Notice of Settlement Approval**”), on Class Counsel’s website, at <https://www.monkouselaw.com/approval-team-employment-standards-class-action>
11. Class Counsel will send the Short-Form Notice of Settlement Approval to all Class Members who contacted Class Counsel about the proceeding using the contact information provided by the Class Member.
12. Within 20 day the Defendants shall confirm to Class Counsel that the Notice has been sent.

Opt-Out Process

13. As set out in the Settlement Agreement, Class Members may opt out of the Class Action by delivering to Class Counsel a completed Opt-Out Form in the form attached as **Schedule D** of the Settlement Agreement.

14. Class Members are to deliver the completed Opt-Out Forms to Class Counsel by mail, fax, or email at the following address, by no later than 5:00 p.m. on the Opt-Out Deadline:

Approval Team Inc. Class Action

c/o Monkhouse Law, 220 Bay Street, Suite 900,

Toronto, Ontario, M5J 2W4

Email: approvalteam.classaction@monkouselaw.com

15. Within 14 days after the Opt-Out Deadline, Class Counsel will report to the Defendants, by affidavit, the names and addresses of any Class Members who have opted out of the Action. Class Counsel shall also provide the Defendants with copies of the Opt-Out Forms submitted by these Class Members.

SCHEDULE D - OPT-OUT FORM
NOTICE OF OPTING OUT

TO: Approval Team Class Action – Class Counsel: Monkhouse Law

ATTN: Approval Team Class Action Administrator

This is NOT a claim form. If you submit this form, you will not receive any money or benefits from the Approval Team Class Action settlement. You may wish to consult Monkhouse Law or obtain independent legal advice at your own cost prior to opting out.

To opt out, this form must be properly completed and received at the above-noted address or post marked no later than [insert date of Opt-Out Deadline]

I have read and understood the Court-Approved Notice of Approval of Settlement and believe that I am a member of the class in this lawsuit.

I wish to opt out (be excluded) of this class proceeding. I understand that by Opting out, I cannot receive any possible benefits, financial or otherwise, that members of the class may receive through this class action.

I understand that any lawsuit I have against Approval Team with respect to employee misclassification, and therefore potentially any claim for uncompensated overtime pay, uncompensated public holiday pay, and/or uncompensated vacation pay, as well as overtime if I have been properly classified as an employee, must be commenced within a specific time period or it might be legally barred. I understand that the time period will resume running against me if I opt out of the class proceeding. I understand that by opting out, I take full responsibility for the resumption of the running of any relevant time periods and for taking all necessary legal steps to protect any claim I may have.

I confirm that by signing this form, and by answering “yes” in the box below, I am forever waiving my right to any money or benefits received through this settlement for any harm caused to me by

Approval Team. in relation to the class action’s claims for employee misclassification, uncompensated overtime pay, uncompensated public holiday pay, and/or uncompensated vacation pay.

I decline payments and benefits from the settlement (please indicate with an “X” or by writing

the word “Yes”: _____

[] I intend to bring an individual civil action against Approval Team alleging any or all of the claims included in the class action lawsuit.

I certify under oath that the Defendant has not put pressure on me to opt out of this Class Action.

Dated: _____

Witness Signature

Signature

Witness Name

Print Name

Copy of Government Issued ID enclosed

This Notice must be delivered or post marked by [Opt-out Date] enclosed with a copy of Government Issued Identification to be effective.

REPRESENTATIVE IDENTIFICATION (IF APPLICABLE)

Please also complete this portion if you are completing this form on behalf of a Class Member as their representative

Representative Name (Last, First): _____

Relationship to Class Member: _____

Email address: _____

Phone: _____

Street Address: _____

City, Province, Postal Code: _____

Mailing Address (if different from above): _____

City, Province, Postal Code: _____

If Class Member is Deceased or Disabled:

Name of Estate Administrator or Guardian of Property: _____

Signature of Estate Administrator or Guardian of Property: _____

If the class member is deceased or disabled, you must enclose a copy of the document appointing you as guardian of property or estate administrator.

Monkhouse Law will collect, use and/or disclose this form and any enclosures, data, information, reports, material or other documentation of any nature which are disclosed, revealed or transmitted to them with this form solely for the purpose of disclosing the objection or submission to the Ontario Superior Court and to Approval Team pursuant to the terms of the Parties' Settlement Agreement. The use and disclosure of any personal information received by Monkhouse Law and Approval Team is subject to all applicable laws that may require the retention or disclosure of the personal information disclosed, including the *Personal Information Protection and Electronic Documents Act*.

TITLE	The Settlement Agreement for the Approval Team Class Action
FILE NAME	2021-10-14 Settle...w with Client.pdf
DOCUMENT ID	56a683acc58c331a3503b4427fe244cbd45a55d2
AUDIT TRAIL DATE FORMAT	MM / DD / YYYY
STATUS	● Completed

Document History



SENT

10 / 14 / 2021
 21:24:41 UTC

Sent for signature to Tom Rallis (trallis29@gmail.com) from alexandra@monkhouselaw.com
 IP: 192.0.195.112



VIEWED

10 / 14 / 2021
 23:31:04 UTC

Viewed by Tom Rallis (trallis29@gmail.com)
 IP: 99.241.65.13



SIGNED

10 / 15 / 2021
 00:03:56 UTC

Signed by Tom Rallis (trallis29@gmail.com)
 IP: 209.171.88.25



COMPLETED

10 / 15 / 2021
 00:03:56 UTC

The document has been completed.