

costs, payment for all dance fees (which are considered tips) which 5175 San Fernando Road, Inc. required dancers to pay to it out of the proceeds of dance fees paid to nude and semi-nude dancers for off stage dances, or as part of any stage fee charged by 5175 San Fernando Road, Inc. and improperly failed to record all hours worked in paycheck stubs, as well as ensure that dancers were provided with all requisite meal and rest breaks, and received all wages due upon termination.

5175 San Fernando Road, Inc. denied all liability for such claims and asserted a number of factual and legal defenses to Plaintiff's claims.

The Parties participated in settlement negotiations including a private mediation on September 23, 2008, that resulted in the negotiated Settlement of this matter. The Court granted preliminary approval of the Settlement, and the Final Fairness Hearing is scheduled for November 23, 2009, at 8:45 a.m. in Department 14 of the Los Angeles County Superior Court, located at 111 N. Hill Street, Los Angeles, California 90012-3107.

Attorneys for the Class ("Class Counsel") in the Settlement are:

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C. YOUR OPTIONS

If you fit within the above description of the Class, you have several options. Each option will have its consequences, which you should understand before making your decision. Your rights regarding each option, and the procedure you must follow to select each option, are explained below.

1. You Can Remain a Member of the Class and Participate in the Settlement and Judgment.

If you want to participate in the Settlement, you must complete and return a Claim Form to the Settlement Administrator at the following address by First-Class U.S. mail postmarked no later than **October 27, 2009**:

CLAIMS ADMINISTRATOR
C/O DESMOND, MARCELLO & AMSTER
P.O. BOX 451999
LOS ANGELES, CA 90045

You must complete and return the enclosed Claim Form by the Claim Deadline of **October 27, 2009** in order to claim anything under this Settlement. (If you need another copy of the Claim Form, contact the Settlement Administrator or Class Counsel.) If any information on the Claim Form is incorrect, please state directly on the Claim Form what you believe is the correct information. Also, please provide your daytime telephone number and any other indicated information referred to on your Claim

Form if it is not already included. If you want confirmation that your Claim Form has been received by the Settlement Administrator, you may send your Claim Form by certified U.S. mail with a return receipt request and mail by **October 27, 2009**.

If you choose to participate in the Settlement, you will be bound by all the terms set forth in the Judgment, including a full release of claims that will prevent you from separately suing 5175 San Fernando Road, Inc. for the matters being settled in this lawsuit. **Any Class Member who does not submit a timely and properly completed Claim Form will not receive a share of the Settlement and his or her claim will be barred.**

2. You Can Do Nothing.

If you do nothing – that is, if you do not send a timely and properly completed Claim Form or opt out of the Settlement – you will not be entitled to a share of the Settlement. **However, you will be bound by the terms of the Settlement and Judgment, including the release of claims, even though you did not receive any money or benefits from the Settlement.** Therefore, if you do nothing, you will ***not*** have the right to pursue your own claims, if any, against 5175 San Fernando Road, Inc.

3. You Can Object to the Settlement.

If you are a Class Member who does not opt out of the Class, you may object to the Settlement, personally or through an attorney, by filing your written objection with the Court and mailing a copy of your objection to Class Counsel and Defense Counsel at the above addresses. All objections must be signed and should contain your address, telephone number and a reference to the case. All objections must be filed with the Court and postmarked on or before November 16, 2009, which is ten days before the Final Fairness Hearing, set for November 23, 2009. Your written objection should clearly explain why you object to the Settlement and must state whether you (or someone on your behalf) intend to appear at the Final Fairness Hearing. If you timely submit a written objection, you may appear, personally or through an attorney, at your own expense, at the Final Fairness Hearing to present your objection directly to the Court. If you object to the Settlement and if the Court approves the Settlement as set forth in the proposed Judgment, you will be bound by the terms of the Settlement and Judgment in the same way as a Class Member who does not object.

4. You Can Opt Out of the Class.

If you do not want to remain a member of the Class, you can request exclusion from the Class (i.e., opt out). You can opt out of the Class by mailing a written, signed request for exclusion to the Settlement Administrator at the above-stated address, such that it is **postmarked** no later than **October 27, 2009**. This request for exclusion must contain the following information: (a) your printed full name, (b) your full address, and (c) the following language: “I want to be excluded from the class action Settlement involving 5175 San Fernando Road, Inc. described in the Notice I received dated August 28, 2009. I understand that by requesting exclusion, I will not be eligible to receive any payment or other benefit from the Settlement.” This request must be **signed** by you. If you opt out of the Class, you will no longer be a member of the Class, you will be barred from participating in this Settlement, and you will receive no benefit from this Settlement. By opting out of the Class, you will retain whatever rights or claims you may have, if any, against 5175 San Fernando Road, Inc., and you will be free to pursue them on an individual basis, if you choose to do so.

D. SUMMARY OF TERMS OF SETTLEMENT

The principal terms of the Settlement by the Parties are summarized in this Notice.

1. **Settlement Terms.**

The Settlement provides that Defendant will pay \$200,000 (the “Settlement Amount”) to resolve all Class claims in the Complaint filed in this matter on March 12, 2008, as described more fully below. The Settlement Amount will also be used to pay an enhancement award to the Class Representative, costs of administration, and Class Counsel’s attorneys’ fees and costs, also as described more fully below.

Administrative Costs. All administrative costs of settlement, including the cost of notice, claims administration, cost of the Settlement Administrator, and any other costs of settlement which are estimated not to exceed \$5,952, shall be paid from the Settlement Amount.

Attorneys’ Fees and Costs. Class Counsel will apply to the Court for an attorneys’ fee and costs award of thirty percent of the Settlement Amount (\$60,000), all of which will be paid out of the Settlement Amount.

Class Representative Enhancement Award. Plaintiff will request an Enhancement Award of \$7,500.00 which will be paid out of the Settlement Amount.

Plan of Distribution. After the deductions from the total Settlement Amount described above, the remaining Settlement Amount will be distributed as follows: The claims of all Class Members who submit timely claims shall, on a pro rata basis, based on the number of days worked during the Claim Period, exhaust at least 50% of the entire Settlement Amount that remains after the payment of Court-approved attorneys' fees and costs, administration costs, withholding taxes, and Plaintiff's enhancement payment. The number of claims made by class members will be compared to the total number of class members. The resulting percentage will be deducted from the net amount that remains after the payment of Court-approved attorneys' fees and costs, administration costs, withholding taxes, and Plaintiff's enhancement payment, hereinafter referenced to as the Net Fund Value ("NFV"). The payment to those class members making a claim will be calculated by reference to the percentage that the total days worked by each Class member has to the total number of days worked by Class members making claims. Each class member making a claim shall receive their pro rata share of the NFV, up to at least 50% of the NFV. If the payments to be made to those class members who make claims, out of the NFV, do not equal fifty percent of the available funds, after deduction of all costs, expenses, fees and the class enhancement award, then the remaining amount up to fifty percent of the NFV, shall be reallocated to class members making claims based on the number of work days worked by each class member making a claim as a percentage of the total work days worked by all class members making claims.

Class Member Tax Matters. IRS Forms 1099 will be distributed to Class Members reflecting the payments they received under the Settlement. Nothing contained in this Notice or in the Settlement Stipulation is intended to be or should be interpreted as providing tax advice. The tax issues for each Class Member are unique, and each Class Member should consult with his or her tax advisors concerning the tax consequences of any payment received.

2. Release.

The Settlement provides that all of the Class' claims in this litigation will be dismissed with prejudice, meaning that those claims can never again be asserted by any Class Member who does not opt out. The Settlement also provides that each Class Member who does not opt out fully releases and discharges Defendant, any parent, subsidiary, predecessor or successor, and all agents, employees, officers directors and attorneys thereof, from any and all claims, debts liabilities demands, obligations, guarantees, costs, expenses, attorneys' fees or damages which are based on, arise out of, or are directly related to the causes of action alleged on behalf of the dancers in the Litigation, including all claims for minimum wages, failure to pay overtime, missed or inadequate meal periods and rest periods, failure to reimburse uniform costs, misappropriation of tips (including dance fees) itemized wage statement violations, record keeping violations, waiting time penalties, including violations of Labor Code sections 203, 212, 218, 218.6, 221, 224, 226, 226.7, 350, 351, 402, 510, 512, 1174, 1194, and 2802, and Business & Professions Code Sections 17200, *et seq.* as it relates to the underlying California Labor Code claims, and interest, attorneys' fees and costs arising from Defendant's treatment of Settlement Class members as independent contractors during the Settlement Period, all for the period March 12, 2004, through September 23, 2008.

3. Conditions of the Settlement.

This Settlement is conditioned upon the Court entering an Order at or following the Final Fairness Hearing approving the Settlement as fair, reasonable, and adequate and in the best interests of the Class.

E. FAIRNESS HEARING ON PROPOSED SETTLEMENT

You are not required to attend the Final Fairness Hearing or file an objection, although you may do both. The Final Fairness Hearing on the proposed Settlement, the plan of distribution, costs of administration, and Class Counsel's request for attorneys' fees and costs will be held on November 23, 2009, at 8:45 a.m. in Department 14 of the Los Angeles County Superior Court, located at 111 North Hill Street, Los Angeles, California 90012-3107. The Final Fairness Hearing may be continued to another date without further notice. If you plan to attend the Final Fairness Hearing, you may contact Class Counsel to confirm the date and time.

Any Class Member who does not object in the manner provided above shall be deemed to have approved the Settlement and to have waived any objections, and shall be forever foreclosed from objecting to the fairness or adequacy of the proposed Settlement and Judgment, the plan of distribution, the payment of attorneys' fees and costs, the claims process, or any other aspect of the Settlement or Judgment.

F. ADDITIONAL INFORMATION

This Notice only summarizes the lawsuit, the Settlement, the proposed Judgment and related matters. For more information, you may inspect the Court files at the Office of the County Clerk, 111 N. Hill Street, Los Angeles, California 90012-3107, from 9:00 a.m. to 4:30 p.m., Monday through Friday. Any questions regarding this Notice or lawsuit may be sent to the Settlement Administrator at the above address. Alternatively, you may contact your own attorney, at your own expense, to advise you, or you may contact Class Counsel at the address, e-mail addresses and telephone number set forth above. If your address changes, or is different from the address on the envelope enclosing this Notice, please promptly notify the Settlement Administrator.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.