

Exhibit 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

CARZANNA JONES and HEYNARD L.
PAZ-CHOW, on behalf of themselves and
all others similarly situated,

Plaintiffs,

v.

ROHIT CHOPRA, in his official capacity as
Director, Consumer Financial Protection
Bureau, and CONSUMER FINANCIAL
PROTECTION BUREAU,

Defendants.

Civil Action No.: 18-2132 (BAH)

Judge Beryl A. Howell

Jury Trial Requested

SETTLEMENT AGREEMENT

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I. INTRODUCTION

A. Subject to approval by the Court, this Settlement Agreement (“Settlement Agreement”) sets forth the full and final terms by which the Named Plaintiffs, Carzanna Jones and Heynard Paz-Chow, on behalf of themselves and the Class Members (as that term is defined herein) and Defendants the Consumer Financial Protection Bureau (“CFPB” or “Defendant” or “Bureau”) and the Bureau’s Director, acting in his official capacity (collectively, the “Parties”) have settled and resolved all race discrimination claims raised in the Civil Action captioned *Jones, et al. v. Chopra, et al.*, Case No. 18-cv-02132-BAH, pending in the United States District Court for the District of Columbia (the “Court”) before Judge Beryl A. Howell.

II. NATURE AND RESOLUTION OF THE CASE

A. In 2014, Named Plaintiffs Carzanna Jones and Heynard Paz-Chow retained Class Counsel to represent them with respect to their claims of race discrimination in employment against the Consumer Financial Protection Bureau.

B. On July 25, 2014, Paz-Chow filed an Equal Employment Opportunity (“EEO”) administrative complaint alleging discrimination and retaliation with the Bureau’s Office of Civil Rights. On or about November 12, 2014, Jones filed an EEO administrative complaint alleging discrimination and retaliation with the Bureau’s Office of Civil Rights, also alleging systemic discrimination against herself and other similarly situated employees.

C. On September 13, 2018, Jones and Paz-Chow filed a complaint (the “Complaint”) in the Court to initiate a putative class action on behalf of themselves and others similarly situated against the Defendants pursuant to 42 U.S.C. § 2000 et seq., among other claims. This Action alleged, among other things, that Blacks or African Americans and Hispanics employed as Consumer Response Specialists were subjected to and harmed by the Bureau’s agency-wide

discriminatory and retaliatory policies and practices, including paying the Named Plaintiffs lower wages than non-minority employees because of their race or color, and discrimination in other terms and conditions of their employment.

D. On December 6, 2018, the Court granted the Named Plaintiffs' Motion for Leave to File an Amended Complaint. Dkt. 7.

E. On December 6, 2018, the Complaint was amended (the "Amended Complaint"), with leave of Court. Dkt. 8.

F. On December 20, 2018, Defendants filed an Answer to the Amended Complaint denying the allegations in the Amended Complaint, and specifically denying that the Bureau engaged in unlawful race discrimination against the Named Plaintiffs or any similarly situated current and former employees. Dkt. 9. Defendants also denied any liability under 42 U.S.C. § 2000 et seq. or any other federal, state, or local laws, and specifically denied that the Named Plaintiffs or Class Members were entitled to any requested relief.

G. From 2020 through 2021, the Parties engaged in substantial fact discovery into the claims asserted and damages sought by the Named Plaintiffs and the Class. The Parties produced and reviewed voluminous data and documents regarding the Bureau's workforce and work practices, and also took numerous depositions, including of the Named Plaintiffs, and various current and former CFPB personnel.

H. Class Counsel and Defendants retained experts in labor economics and statistics to conduct statistical analysis of the workforce data, and exchanged expert reports pursuant to Federal Rule of Civil Procedure 26(a)(2).

I. On February 4, 2022, the Court entered a stay of the proceedings so that the Parties could explore the possibility of an out-of-court resolution. Minute Order of Feb. 4, 2022.

J. The Parties engaged the services of Martin F. Scheinman, Esq., a highly experienced professional mediator, skilled in mediation of complex class actions, including employment discrimination litigation. Mr. Scheinman became familiar with the case and conducted two mediation sessions with the Parties. The formal mediation sessions and follow-up settlement discussions between the Parties culminated in this Settlement Agreement. During the negotiations, counsel bargained vigorously on behalf of their clients. All negotiations were conducted at arm's-length and in good faith.

K. Counsel for the Parties conducted their own substantial investigations of the matter, including the facts underlying the claims and issues raised in the charges and the Complaint and Amended Complaint. The investigations included, among other things, interviewing class member witnesses and reviewing hundreds of thousands of relevant CFPB records. As a result of the exchange of information, the investigation, and other activity both prior to and after filing the Complaint, the Parties are familiar with the strengths and weaknesses of their respective positions, and have had a full opportunity to assess the litigation risks presented in this case.

L. All Parties and their counsel recognize that, in the absence of an approved settlement, they would face a long litigation course, including motions for class certification, potential interlocutory appeal of the class certification decision, additional formal discovery, motions for summary judgment, trial, and potential appellate proceedings that would consume time and resources and present each party with ongoing litigation risks and uncertainties. The Parties wish to avoid these risks and uncertainties, as well as the consumption of time and resources. Class Counsel believe that the terms of the Settlement Agreement are in the best interests of the Class and are fair, reasonable, and adequate.

M. Defendants deny each and every claim as to wrongdoing, liability, damages, penalties, interest, fees, injunctive relief, and all other forms of relief, as well as each and every individual and class allegation asserted in the Action. Without any admission or concession by Defendants of any liability or wrongdoing with respect to the allegations in any administrative charge or in the Amended Complaint, all Released Claims shall be finally and fully compromised, settled, and released, subject to the terms and conditions of this Settlement Agreement, which were the product of vigorous, arm's-length negotiation by the Parties.

III. GENERAL TERMS OF THE SETTLEMENT AGREEMENT

A. Definitions. In addition to terms identified and defined elsewhere in this Settlement Agreement, and as used in this Settlement Agreement, the terms listed below shall have the following meanings:

1. "Action" means the civil action captioned *Jones, et al. v. Chopra, et al.*, Case No. 18-cv-02132-BAH, pending in the United States District Court for the District of Columbia (the "Court") before Judge Beryl A. Howell, and the allegations contained in the Complaint filed on September 13, 2018, in the Action and all amendments thereto.
2. "Amended Complaint" means the complaint filed on December 6, 2018.
3. "Bureau" or "CFPB" means the Consumer Financial Protection Bureau.
4. "CAFA Notice" means the notice described under 28 U.S.C. § 1715(b).
5. "Claimants" means Settlement Class Members who have timely submitted applicable W-4 and/or W-9 tax form(s).
6. "Claim Form" means the claim form to be submitted by eligible Class Members

who seek a Discretionary Award (as defined in this Agreement) and as agreed to by the Parties.

7. “Claims Administrator” means Atticus Administration, LLC, (or an alternate company mutually agreeable to the Parties and appointed by the Court), which has been jointly designated by counsel for the Parties and appointed by the Court to fulfill the duties set forth herein, including to serve Notice, maintain a website accessible to Class Members as described in Section IV.C.2 below, and administer aspects of the Claims Resolution Process and Settlement Fund pursuant to Section IV.C.2 below, any other Section of this Settlement Agreement, and related orders of the Court.
8. “Claims Resolution Process” means the process established by this Agreement regarding the processing, determination, and distribution of Monetary Awards.
9. “Class” means the class that the Named Plaintiffs seek to have certified, solely for the purposes of this Settlement Agreement, which is defined as Black, African American, and/or Hispanic employees of the Bureau who, at any time between February 13, 2011 and April 19, 2022, served in a non-supervisory position(s) that was assigned to the Bureau’s Office of Consumer Response, that was in pay bands identified by the Bureau as 4, 4A, 4B, 40, 41, 5, 5A, 5B, 5C, 51, 52, 53, 6, 6A, or 60, and that was classified by the Bureau as falling within occupational job series code 301 (except that service in any of the following positions does not make an individual eligible to be a member of the class: Consumer Response Implementation Manager (associated with position description number 110090), Consumer Response Manager (Quality Control)

(associated with position description number 111410), Policy Analyst (associated with position description number 110210), or Consumer Response Analyst (associated with position description number 110770)). A list of the individuals who meet this definition is attached to this Agreement as Exhibit A, and will be filed with the Court under seal. If an individual is not on Exhibit A, then that individual is not eligible for a Monetary Award and will not release any claims as a result of this Settlement Agreement.

10. “Class Counsel” means the law firms of Stowell & Friedman, Ltd. and Justin L. Leinenweber, P.C.
11. “Class Member” means any person who meets the criteria set forth in the definition of “Class” above.
12. “Class Member Release” means the release by Settlement Class Members of the Released Claims set forth in Section III.A.32.
13. “Complaint” means the Complaint filed in this Action on September 13, 2018.
14. “Court” means the United States District Court for the District of Columbia.
15. “Defendants” means defendants the Consumer Financial Protection Bureau and the Bureau’s Director, acting in his official capacity.
16. “Defendants’ Counsel” means Bureau counsel.
17. “Depository Bank” means a bank selected by Class Counsel to receive, hold, invest, and disburse the Settlement Fund, subject to the direction of the Claims Administrator.
18. “Discretionary Award” means any individual monetary award determined by

the Special Master for Claimants who submit a Claim Form as described in Section VIII.C below.

19. “Effective Date” means the date on which all of the following have occurred:
 - (1) the Court has finally approved and entered this Settlement Agreement;
 - (2) the Court has entered an Order and Judgment dismissing the Action with prejudice, with continuing jurisdiction limited to enforcing this Settlement Agreement; and
 - (3) the time for appeal has either run without an appeal being filed or any appeal (including any requests for rehearing *en banc*, petitions for certiorari or other appellate review) has been finally resolved.
20. “Fairness Hearing” means the hearing at which the Court will consider final approval of this Settlement Agreement and related matters.
21. “Final Approval” means the Court’s granting of final approval of the Settlement.
22. “Forfeited Award” means any Monetary Award that a Claimant fails to negotiate by the date specified on the face of the check.
23. “Monetary Award” means the total of the Time in Pay Band Award and any Discretionary Award determined by the Special Master for Claimants.
24. “Named Plaintiff Release” means the General Release Agreement in the form, attached hereto as Exhibit B, agreed to by counsel for the Parties with respect to the Named Plaintiffs as referenced in Section V.
25. “Notice” means the Notice of Class Action, Proposed Settlement Agreement, and Fairness Hearing, which the Claims Administrator will mail directly to Class Members substantially in the form attached hereto as Exhibit C.

26. “Notice of Award” means the letter sent to each eligible Claimant specifying the amount of that Claimant’s award, as determined by the Special Master. For the Time in Pay Band Award, the Notice of Award shall include the inputs and method for calculating the Time in Pay Band Award such that a Claimant may determine how the Time in Pay Band Award was calculated.
27. “Notice of Final Approval” means the Notice of Final Approval of the Settlement Agreement if the Court approves the Settlement at the Fairness Hearing.
28. “Parties” means Named Plaintiffs, Defendants, and Class Members.
29. “Named Plaintiffs” means Carzanna Jones and Heynard Paz-Chow.
30. “Preliminary Approval” means the order of the Court preliminarily certifying the Settlement Class and preliminarily approving this Settlement Agreement and the form of Notice to be sent to Class Members.
31. “Programmatic Relief” means the non-monetary terms of the Settlement Agreement described in Section VII.
32. “Released Claims” means any and all claims of race and color discrimination, harassment, or retaliation arising out of the Named Plaintiffs’ and/or Class Members’ employment with the Bureau while meeting the criteria to be a Class Member, known or unknown, that the Named Plaintiffs and Class Members may have against Defendants, or arising out of the same transactions, series of connected transactions, occurrences or nucleus of operative facts that at least partly occurred while the Class member met the criteria to be a Class Member

and form the basis of the claims that were or could have been asserted in the Action. This release does not include or cover any actions or omissions occurring after the date of Preliminary Approval. Specifically included in this release are any and all race discrimination claims arising out of the Named Plaintiffs' and/or Class Members' employment with the Bureau while meeting the criteria to be a Class Member, or arising out of the same transactions, series of connected transactions, occurrences or nucleus of operative facts that at least partly occurred while the Class Member met the criteria to be a Class Member and that form the basis of the race and color discrimination, harassment, or retaliation claims that were or could have been asserted in the Action, including but not limited to, claims of alleged racial employment discrimination or benefits claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e, *et seq.* ("Title VII"), and any other federal, state, or local statute, common law, or regulation. Furthermore, the Released Claims include all claims for monetary damages, injunctive, declaratory, or equitable relief, and costs and attorneys' fees, whether arising under Title VII or under any other federal, state, local or common laws or regulations arising out of the same transactions, series of connected transactions, occurrences or nucleus of operative facts that at least partly occurred while the Class Member met the criteria to be a Class Member and form the basis of the race and color discrimination, harassment, or retaliation claims that were or could have been asserted in this Action.

33. "Service Award" means the proposed awards for Named Plaintiffs for their

service to the Settlement Class, as described in Section IX.

34. “Settlement,” “Agreement,” and “Settlement Agreement” each mean the settlement as reflected in this Settlement Agreement.

35. “Settlement Class” means the Class as defined above excluding any Class Member who files and serves a timely opt out statement that is not subsequently rescinded within the allotted time period for revocation.

36. “Settlement Class Member” means any person who meets the criteria set forth in the definition of “Settlement Class.”

37. “Settlement Fund” or “Fund” means the six million dollars and no cents (\$6,000,000.00) to be transferred by the Bureau to the Depository Bank pursuant to Section VIII of this Settlement Agreement, including any interest earned thereon, to be held, invested, administered, and disbursed pursuant to this Settlement Agreement.

38. “Special Master” means the individual appointed by the Court under Rule 53 of the Federal Rules of Civil Procedure to perform certain duties in connection with this Settlement Agreement as described in Section VIII below.

39. “Time in Pay Band Award” means the award determined by the Special Master pursuant to the weighted formula described in Section VIII.C..

B. Duration of the Settlement. The Programmatic Relief embodied in this Settlement Agreement and the agreements incorporated in it shall remain binding on the Parties and their agents and successors for a three-year period following the Effective Date.

C. Cooperation. The Parties agree that they will cooperate to effectuate and implement all terms and conditions of this Settlement Agreement, and exercise good faith efforts to accomplish the terms and conditions of this Settlement Agreement. The Parties agree to accept non-material and procedural changes to this Settlement Agreement if so required by the Court in connection with Final Approval of the Settlement, but are not obligated to accept any changes in the monetary amount of relief or material change in the substantive Programmatic Relief provided for herein, or any other material substantive change.

D. Persons Covered by this Settlement Agreement.

1. Definition of “Class.” Solely for purposes of Settlement and judicial approval of this Settlement Agreement, the Named Plaintiffs seek to certify the following

Class:

Black, African American, and/or Hispanic employees of the Bureau who, at any time between February 13, 2011 and April 19, 2022, served in non-supervisory positions that were assigned to the Bureau’s Office of Consumer Response, that were in pay bands identified by the Bureau as 4, 4A, 4B, 40, 41, 5, 5A, 5B, 5C, 51, 52, 53, 6, 6A, or 60 and that were classified by the Bureau as falling within occupational job series code 0301 (except that service in any of the following positions does not make an individual eligible to be a member of the class: Consumer Response Implementation Manager (associated with position description number 110090), Consumer Response Manager (Quality Control) (associated with position description number 111410), Policy Analyst (associated with position description number 110210), or Consumer Response Analyst (associated with position description number 110770)). A list of the individuals who meet this definition is attached to this Agreement as Exhibit A, and will be filed with the Court under seal. If an individual is not on Exhibit A, then that individual is not a member of the Class and will not release any claims as a result of this Settlement Agreement.

2. Certification. Named Plaintiffs will request that the Court certify the Class pursuant to Fed. R. Civ. P. 23(b)(2) and 23(b)(3). Defendants will not oppose

Named Plaintiffs' request to certify the Class for settlement purposes.

IV. COURT APPROVAL/NOTICE AND FAIRNESS HEARING

A. Jurisdiction.

1. The Parties agree that the Court has jurisdiction over the Parties and the subject matter of this Action. The Court shall retain jurisdiction of this Action for three years from the Effective Date of the Settlement Agreement solely for the purpose of entering all orders and judgments authorized hereunder that may be necessary to implement and enforce the relief provided herein.

B. Preliminary Approval.

1. Within ten (10) days after the execution of this Settlement Agreement, Named Plaintiffs shall file an unopposed motion with the Court for an order preliminarily certifying the Class; preliminarily approving this Settlement Agreement; and approving the Notice to be sent to Class Members and potential Class Members describing the terms of the Settlement and informing them of their rights to submit objections and to opt out.

C. Notice.

1. Prior to execution of this Settlement Agreement, the Parties have agreed upon written Notice of this Settlement Agreement to be sent to Class Members, subject to Court approval.

2. The parties will request that the Court appoint Atticus Administration, LLC, (or an alternate company mutually agreeable to the Parties) as the Claims Administrator to perform the following tasks, among others:

- a. Distribute the Notice and Final Notice to Class Members;
- b. Receive and forward to Class Counsel and Defendants any Opt-Out Statements from Class Members;

- c. Maintain a website on which the Settlement Agreement, Class Notices, blank Claim Forms, related Court Orders, and other documents and content approved by Class Counsel for posting on this website are available to Class Members, and a secure portal through which Settlement Class Members, following Final Approval of the Settlement, can electronically submit tax forms, Claim Forms, and other documents in a confidential and private manner;
- d. Distribute and receive Claim Forms in a confidential manner and other documents, including correspondence with and from the Special Master;
- e. Properly process Monetary Awards, including for tax purposes as directed in Section VIII below; and
- f. Distribute the Notice of Award to Settlement Class Members as directed in Section VIII below.

3. No later than five (5) days following Class Counsel's filing of the Settlement Agreement with the Court, Defendants shall cause the CAFA Notice, along with the accompanying materials, to be served upon the appropriate state and federal officials, as required by 28 U.S.C. § 1715. For purposes of compliance with CAFA, the Defendants shall be permitted to compile all of the relevant documents into a single compact disc or other electronic storage device for delivery to federal and state officials. Plaintiffs, Defendants, and the Claims Administrator shall have no duty to supplement the CAFA Notice. Defendants shall confirm in writing and provide to Class Counsel proof of service of the CAFA Notice to the appropriate federal and state officials.

4. Defendants will identify all Class Members and will provide to the Claims Administrator in electronic format, within three (3) business days after Preliminary Approval of this Settlement Agreement, the name, date of birth, and last known address of each Class Member. This information shall also specify whether a Class Member is a current or former Bureau employee. The information as to last known address and whether a Class Member is a

current or former Bureau employee will be provided as it exists in the Bureau's human resources database as of the date on which Class Counsel files the motion for preliminary approval of this settlement.

5. Within ten (10) days after receiving the Class Member information from Defendants, the Claims Administrator will mail the Notice to each Class Member in the form agreed upon by Counsel for the Parties or such other form as approved by the Court.

6. If Final Approval is granted, within ten (10) days of receiving work histories (described in Section VIII.C) from the Bureau, the Claims Administrator shall mail a Notice of Final Approval, Claim Form, and respective work history to each Settlement Class Member and make the Claim Form available electronically on a website accessible to Class Members maintained by the Claims Administrator. Settlement Class Members will be able to view and access their individual Claim Form electronically on the website maintained by the Claims Administrator and may submit them through a secure, non-public portal in a confidential and private manner.

7. In order to provide the best notice practicable, before mailing a Notice and/or Claim Form, the Claims Administrator will run the list of Class Members listed on Exhibit A and who are identified by the Bureau as former Bureau employees through the United States Postal Service's National Change of Address database ("NCOA").

8. If envelopes from the mailing of a Notice and/or Claim Form are returned with forwarding addresses, the Claims Administrator will re-mail a Notice and/or Claim Form to the new address within three (3) business days.

9. In the event that a Notice and/or Claim Form is returned to the Claims Administrator by the United States Postal Service because the address of the recipient is no

longer valid, e.g., the envelope is marked “Return to Sender,” the Claims Administrator shall attempt to ascertain the current address of the Class Member through any available means, including a skip trace. If the Claims Administrator exhausts all possible means of obtaining a Class Member’s current address without the Class Member’s Social Security number, the Claims Administrator may notify the Bureau who shall provide the Claims Administrator with the Class Member’s Social Security number. The Claims Administrator shall utilize Class Members’ Social Security numbers only for the purpose of locating and identifying Class Members and shall otherwise keep confidential, shall not disclose the contact information and Social Security numbers to any other person or entity (including Class Counsel), and shall take all appropriate measures to protect such information when in the Claims Administrator’s custody and destroy such information upon completion of the Claims Administrator’s responsibilities regarding this case. If an updated address is ascertained, the Claims Administrator will re-send the Notice and/or Claim Form within three (3) business days of receiving the newly ascertained address; if no updated address is obtained for that Class Member, the Notice and Claim Form shall be sent again to the Class Member’s last known address. In either event, the duty of the Parties and Claims Administrator to deliver the Notice and Claim Form shall be deemed satisfied once it is mailed for the second time.

10. The Claims Administrator shall provide to Counsel for all Parties a list of the names of those Class Members who have not been located, and the Claims Administrator may engage third-party vendors in order to locate Class Members.

11. The Claims Administrator will maintain a log of all of its activities undertaken pursuant to this Section (IV.C), including the dates of mailing the Notice of Class Action and Notice of Final Approval, and the mailing and receipt of Claim Forms, returned mail,

and other communications and attempted communications with Class Members. The Claims Administrator shall further confirm in writing the substance of its activities and completion of the administration of the settlement; timely respond to communications from the Parties or their respective counsel; and perform such other tasks as the Parties mutually agree or ordered by the Court.

D. Objections.

1. Settlement Class Members have the right to object to the Settlement.

Settlement Class Member objections to this Settlement Agreement must be in writing, signed by the Settlement Class Member, filed with the Court (with copies served on the Parties' counsel), include a detailed description of the basis of the objection, and indicate whether the Settlement Class Member intends to appear at the Fairness Hearing. To be timely and considered by the Court, objections must be filed and served within forty-five (45) days after Notice is mailed to Class Members.

2. Only Settlement Class Members who timely file their signed, written objections with the Court and state in writing their intent to appear at the Fairness hearing may appear at the Fairness Hearing. No one may appear at the Fairness Hearing for the purpose of objecting to the Settlement Agreement without first having filed with the Court and served their objection(s) in writing within forty-five (45) days after the Notice was mailed to Class Members.

E. Exclusions / Opt Outs.

1. Any Class Member who wishes to opt out of the Class must mail to the Claims Administrator a written, signed statement that they are opting out. Opt-out statements must be postmarked within forty-five (45) days after Notice is mailed to Class Members. The Claims Administrator shall provide to all counsel for the Parties all opt-out statements it

receives. Class Counsel shall file with the Court all timely opt-out statements received from the Claims Administrator. The Settlement Class will not include those individuals who timely submitted an opt-out statement, and individuals who opt out are not entitled to any Monetary Award under this Settlement Agreement.

2. The Notice shall include the following language: “If you wish to opt out, you must mail a written, signed statement that you are opting out of the Settlement to the Claims Administrator, at the address listed above. To be effective, this opt out statement must be postmarked on or before *[forty-five (45) days after the Notice was mailed to Class Members]* and include the following language:

I hereby opt out of the class action settlement in the lawsuit *Jones v. Chopra*, Case No. 18-2132. I understand that, by requesting to be excluded from the monetary settlement in this case, I will receive no money from the Settlement Fund created under the Settlement Agreement. I understand that I may bring a separate legal action seeking damages, but I might receive nothing or less than what I would have received through the Claims Resolution Process under this settlement. I also understand that I may not seek exclusion from the class with respect to injunctive relief and will be deemed to be a class member for purposes of the injunctive provisions of the Settlement Agreement applicable to the Bureau.

Class Members who have timely and properly opted out of the Settlement Class as set forth in this Paragraph may object to the Programmatic Relief provided under Federal Rule of Civil Procedure 23(b)(2) but may not object to the monetary relief or related Claims Resolution Process.

3. Class Members who file opt-outs may rescind their opt-outs. To be effective, such rescissions must be in writing and must be received by the Claims Administrator at least one day before the Fairness Hearing, who upon receipt must immediately forward a copy of the rescission to counsel for the Parties by electronic mail at the e-mail addresses specified in Section XII.E below.

F. Fairness Hearing.

1. Upon Preliminary Approval, a briefing schedule and Fairness Hearing date will be set at the Court's convenience. The Plaintiffs' Motion for Final Approval and for Certification of the Class will be due no earlier than fifteen (15) days following the close of the objection and opt-out period, and the Fairness Hearing will be held no earlier than thirty (30) days following the close of the objection and opt-out period, and no earlier than 95 days after the parties file the Motion for Preliminary Approval. Neither this Settlement Agreement nor the Court's Preliminary or Final Approval hereof shall be admissible in any court regarding the propriety of class certification or regarding any other issue or subject (except for the purpose of enforcing this Settlement Agreement).

2. The timelines set forth in Section IV will be included in the Proposed Preliminary Approval Order filed with the Court and/or the Notice. The actual dates and timetables will be reflected in the Preliminary Approval Order issued by the Court.

3. In the event that this Settlement Agreement does not become final and binding, no party shall be deemed to have waived any claims, objections, rights or defenses, or legal arguments or positions, including, but not limited to, claims or objections to class certification, and claims and defenses on the merits. Each party reserves the right to prosecute or defend this Action in the event that the Settlement Agreement does not become final and binding.

4. If this Settlement Agreement is not approved by the Court or for any other reason is terminated or fails to become effective in accordance with its terms (or if, following approval by this Court, such approval is reversed or substantively modified), the Parties shall be restored to their respective positions that existed in this Action prior to entering into this

Settlement Agreement; the terms and provisions of this Settlement Agreement shall have no force or effect and shall not be used in this Action or in any proceeding for any purpose; the Settlement Fund shall be returned to Defendants, including any interest earned by the Settlement Fund through the date of termination (after deducting all costs and expenses, including costs of providing Notice to Class Members, paid or incurred by the Claims Administrator as of the date of termination); any Judgment entered by the Court in accordance with the terms of this Settlement Agreement shall be treated as vacated, nunc pro tunc; and the litigation of the Action will resume as if there had been no Settlement Agreement, with no stipulated Class. The Parties retain all rights, claims, and defenses as to class certification and otherwise as to any of the allegations asserted in this Action. This Settlement Agreement will not be considered an admission of liability or damages by Defendants or represent a cap on damages available to the Named Plaintiffs or the Class.

G. Defendants' Right To Withdraw Or Modify The Settlement Agreement.

1. If the number of Class Members who have duly requested exclusion from the Class in the manner provided in the Court's Preliminary Approval order equals or exceeds the termination-threshold number set forth in Exhibit D filed with the Court under seal concurrently with this Settlement Agreement, Defendants shall have the right, for thirty (30) days after the deadline for Class Members to opt out, to withdraw from and fully terminate this Settlement Agreement pursuant to Section IV.F.4 of this Settlement Agreement by providing written notice to Class Counsel and the Court.

2. The Claims Administrator shall have the obligation to return the entire Settlement Fund (including all income and/or interest, but after deducting all costs and expenses paid or incurred by the Claims Administrator as of the date of withdrawal, including costs of

providing Notice to Class Members) to Defendants within five (5) business days in the event that Defendants withdraw from this Settlement Agreement, or in the event that this Settlement Agreement is modified or reversed on appeal or is otherwise rendered null and void for any reason.

V. RELEASE/BAR OF CLAIMS

A. All Settlement Class Members who do not timely opt out of this Settlement will irrevocably and forever release and be deemed to have fully resolved, waived, and discharged for themselves and their heirs, executors, administrators, representatives, dependents, successors, and assigns all Released Claims as defined in Section III.A.32 above.

B. All Named Plaintiffs, as a condition of receiving a Service Award in conjunction with this Settlement Agreement, will be required to execute and deliver to the Claims Administrator a Named Plaintiff Release in the form agreed to by counsel for the parties and attached hereto as Exhibit B. The Named Plaintiff Release is more expansive than the limited Class Member Release. It releases all of the Named Plaintiffs' individual claims and is a general release of all claims of any nature against Defendants under federal, state, and local laws for any period up through the date that Notice is mailed to the Class, including specifically any claims arising under the Age Discrimination in Employment Act and released under the Older Workers Benefit Protection Act. The Named Plaintiffs acknowledge that they have been provided twenty-one (21) calendar days within which to review and consider this agreement, and understand that they have seven (7) calendar days after all parties have executed this agreement within which to revoke their agreement to timely execute and deliver the Named Plaintiff Release as a condition of receiving a Service Award in connection with this Settlement Agreement. Any such revocation must be made in writing and delivered to counsel for Defendants on or before the

seventh calendar day after Class Counsel signs this agreement with Named Plaintiffs' authorization and on Named Plaintiffs' behalf. Should Named Plaintiffs sign this agreement before the twenty-one (21) calendar day time period has expired, Named Plaintiffs attest that their decision to accept such a shortening of this period is knowing and voluntary and was not induced by the Bureau through fraud, misrepresentation, and/or threat to withdraw or alter the terms of the agreement. Named Plaintiffs further represent that they are represented by Class Counsel in this action; they have conferred with Class Counsel prior to authorizing the execution on Named Plaintiffs' behalf of this agreement to timely execute and deliver the Named Plaintiff Release as a condition of receiving a Service Award in connection with this Settlement Agreement; they have examined and understand the provisions of 29 U.S.C. § 626(c)(1)(A) through (E); and that the requirements of those provisions are fully met and satisfied in connection with this agreement and Named Plaintiff Release. Named Plaintiffs will have no obligation to execute and deliver the Named Plaintiff Release except as a condition of receiving a Service Award in connection with this Settlement Agreement.

C. The Claims Administrator shall provide all Named Plaintiffs with the Named Plaintiff Release at the time the Notice is provided to them.

D. Named Plaintiffs shall execute, and Class Counsel shall provide to Defendants' Counsel, copies of all Named Plaintiff Releases within ten (10) days following Final Approval.

E. The terms of the Releases, set forth in Section III.A.32 above for Settlement Class Members and in Exhibit B for the Named Plaintiffs, are a material part of this Settlement Agreement and are hereby incorporated as if fully set forth in the Settlement Agreement; if these Releases, set forth in Section III.A.32 above for Settlement Class Members and in Exhibit B for the Named Plaintiffs, are not finally approved by the Court, or the Settlement Agreement cannot

become effective for any reason and the Settlement set forth in this Settlement Agreement shall terminate as provided in Section IV.F.4 of this Settlement Agreement, then the Releases shall terminate nunc pro tunc and be of no force and effect.

F. Any Named Plaintiff who does not execute and timely deliver a Named Plaintiff Release shall be ineligible for, and forever barred from receiving, a Service Award under this Settlement Agreement, even if said Named Plaintiff has not opted out. Class Members who do not timely opt out shall, upon the Effective Date, be deemed to have fully, finally, and irrevocably waived, released, and discharged Defendants from the Released Claims.

VI. NO ADMISSION, NO DETERMINATION

A. Defendants deny all claims as to wrongdoing, liability, damages, penalties, interest, fees, injunctive relief, and all other forms of relief, as well as the class allegations asserted in the Action. Defendants have agreed to resolve the Action via this Settlement Agreement, but to the extent this Settlement Agreement is deemed void or the Effective Date does not occur, Defendants do not waive, but rather expressly reserve, all rights to challenge any and all claims and allegations asserted by the Named Plaintiffs in the Action upon all procedural and substantive grounds, including without limitation the ability to challenge class action treatment on any grounds and to assert any and all other potential defenses or privileges. The Named Plaintiffs and Class Counsel agree that Defendants retain and reserve these rights, and they agree not to take a position to the contrary. The Named Plaintiffs and Class Counsel agree that, if the Action were to proceed, they would not argue or present any argument, and hereby waive any argument, based on this settlement or this Settlement Agreement or any exhibit and attachment hereto, or any act performed or document executed pursuant to or in furtherance of this settlement or this Settlement Agreement, that Defendants should be barred from contesting

class action certification pursuant to Federal Rule of Civil Procedure 23, or from asserting any and all other potential defenses and privileges. This Settlement Agreement shall not be deemed an admission by, or a basis for estoppel against, Defendants that class action treatment pursuant to Federal Rule of Civil Procedure 23 in the Action is proper or cannot be contested on any grounds.

B. This Settlement Agreement does not and is not intended to constitute, nor shall it be deemed to constitute, an admission by any party as to the merits, validity, or accuracy of any of the allegations, claims or defenses of any party in this case. The Class Members continue to assert the merits and validity of their claims under Title VII or parallel state and local laws prohibiting race discrimination. By entering into this Agreement, Defendants do not admit or concede, expressly or impliedly, but continue to deny that they have in any way violated 42 U.S.C. § 2000, *et seq.*, parallel state and local laws prohibiting race discrimination, the common law of any jurisdiction, or any other federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Neither the Court nor any other court has made any findings or expressed any opinion concerning the merits, validity or accuracy, or lack thereof, of any of the claims in this case.

C. Nothing in this Settlement Agreement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of the mediation or negotiations leading to this Settlement Agreement, is intended by the Parties to, nor shall any of the foregoing constitute, be introduced, be used or be admissible as evidence in any way in this case or any other judicial, arbitral, administrative, investigative or other proceeding of whatsoever kind or nature (including, without limitation, the results of the claims process established under this Settlement

Agreement) as evidence of discrimination, retaliation or harassment or as evidence of any violation of 42 U.S.C. § 2000, *et seq.*, parallel state and local laws prohibiting race discrimination, the common law of any jurisdiction, or any other federal, state or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Settlement Agreement may be used in any proceeding in the Court or in mediation to enforce or implement any provision of this Settlement Agreement or implement any orders or judgments of the Court entered in connection herewith.

VII. PROGRAMMATIC RELIEF

A. The Parties recognize that current Bureau employees, encumbering position(s) that qualify them for membership in the Class, are currently part of the bargaining unit that is represented by the National Treasury Employees Union (“NTEU” or “Union”) at the Bureau. While this lawsuit was pending, the Bureau and NTEU, including members of this class, have engaged in negotiations regarding compensation reform. On December 7, 2022, the Bureau and NTEU entered into a negotiated agreement that reformed the Bureau’s pay system entitled: “Agreement on Compensation Reform Pay Reset” (“Pay Agreement”). Consistent with 5 U.S.C. § 7114 (c), the head of the agency approved the Pay Agreement on December 27, 2022. Class Counsel and Named Plaintiffs acknowledge this agreement and recognize that the Pay Agreement substantially addresses the issues that Class Counsel and the Named Plaintiffs would have sought to address through Programmatic Relief in this matter.

B. Additionally, beginning no later than fourteen (14) days following the Effective Date and for at least three years following the Effective Date, Defendants shall maintain on the Bureau’s “wiki” intranet information for Bureau employees regarding procedures for federal employees to file a complaint alleging violations of workplace anti-discrimination laws with the

U.S. Equal Employment Opportunity Commission, and procedures for Bureau employees to alternatively pursue claims alleging violations of workplace anti-discrimination laws through the Bureau's negotiated grievance procedure with NTEU.

C. Currently, 29 CFR § 1614.301 dictates that federal employees who are represented by a collective bargaining unit (such as Bureau employees represented by NTEU) may raise claims of employment discrimination against their employer either through the Equal Employment Opportunity process identified in 29 CFR § 1614 *et seq.* or, where a collective bargaining agreement permits allegations of discrimination to be raised in a negotiated grievance procedure (such as the Bureau's currently operative collective bargaining agreement with NTEU), by filing a written grievance through the procedures established by the collective bargaining agreement, but may not do both. For three years following the Effective Date, the Bureau shall include in its annual training to employees that employees in the bargaining unit represented by NTEU may raise claims of employment discrimination against the Bureau either by filing a formal equal employment opportunity complaint filed with the Bureau's Office of Civil Rights or by filing a written grievance through the procedures established by the collective bargaining agreement between the Bureau and NTEU, but may not assert the same claim in both a formal equal employment opportunity complaint and a written grievance. It is expressly understood that the purpose of this paragraph is to provide accurate training to Bureau employees regarding policies and procedures related to filing discrimination complaints concerning these employees' employment with the Bureau. Accordingly, nothing in this agreement bars the Bureau from altering this training in the event that it would be inaccurate, including because the relevant law is amended, abrogated, modified, or otherwise changed or due to a change in the negotiated grievance procedure between the Bureau and NTEU. On the contrary, the Bureau

agrees to modify the training if it becomes necessary to accurately reflect the relationship, if any, between the Equal Employment Opportunity process and the negotiated grievance process.

VIII. MONETARY RELIEF

A. Settlement Fund.

1. No later than twenty-one (21) days after Preliminary Approval of this Settlement Agreement, the Bureau shall pay by wire transfer or otherwise transmit to the Depository Bank the sum of six million dollars and no cents (\$6,000,000.00 or \$6 million). This payment is made in order to satisfy the claims of all Named Plaintiffs and Settlement Class Members, as well as for the other purposes identified in this Settlement Agreement. The \$6 million so transferred, together with any interest subsequently earned thereon, shall constitute the Settlement Fund. The \$6 million transferred into the Settlement Fund by the Bureau shall constitute the total monetary outlay by the Bureau in connection with: (a) the resolution of this matter; (b) this Settlement Agreement (and attachments); and (c) the dismissal of this Action.

2. The \$6 million paid into the Settlement Fund is inclusive of payment for:

a. all Monetary Awards paid to Settlement Class Members, including Named Plaintiffs, which are to be distributed pursuant to Section VIII.E below;

b. all attorneys' fees and costs awarded by the Court to Class Counsel, including those relating to securing court approval of the Settlement, the claims process and monitoring of the Settlement Agreement, as described in Section IX below, other than fees and costs awarded in connection with any successful proceeding to enforce the terms of this Settlement Agreement;

c. all Service Awards to Named Plaintiffs, pursuant to Section IX below;

d. all costs in connection with the administration of the Settlement Agreement and the Settlement Fund including, but not limited to, those related to sending all notices, claims processing, legal advice relating to the establishment of the Qualified Settlement Fund (“QSF”) described in Section VIII.B and tax reporting of awards to Claimants, preparation of QSF tax returns (and the taxes associated with QSF tax returns as defined below), the Claims Administrator’s fees and expenses, and the fees and expenses of the Neutrals and Special Master for activities described in this Agreement; and

e. employer’s share of taxes for Monetary Awards for wages and services of any kind that are reported on an IRS Form W-2.

B. Administration of Settlement Fund by Trustee.

1. Pursuant to Rule 53 of the Federal Rules of Civil Procedure, the Court shall appoint a Special Master who shall serve as Trustee of the Settlement Fund and shall act as a fiduciary with respect to the handling, management, and distribution of the Settlement Fund. The Special Master may select, in consultation with Class Counsel, Neutrals to assist in the Claims Resolution Process. Both the Special Master and any Neutrals shall have the immunities and protections of Rule 53 or the Federal Rules of Civil Procedure in the performance of the duties specifically set forth in this Settlement Agreement.

2. The Claims Administrator shall serve as a Trustee of the Settlement Fund with regard to payment of valid claims and reporting and paying taxes on such awards.

3. The Settlement Fund will be placed in an interest-bearing account titled in the name of Consumer Financial Protection Bureau Race Discrimination Settlement Fund, a Qualified Settlement Fund, intended by the Parties to be a “Qualified Settlement Fund” as described in Treas. Reg. Section 1.468B-1, et seq, implementing Section 468B of the Internal

Revenue Code of 1986.

4. Class Counsel shall act in a manner necessary to qualify the Settlement Fund as a “Qualified Settlement Fund” under Treas. Reg. Section 1.468B-1, et seq., and to maintain that qualification, and to comply with Section 468B of the Internal Revenue Code of 1986, as amended.

C. Claims Filing and Resolution Procedures for Monetary Awards to Named Plaintiffs and Settlement Class Members.

1. Claims Filing Procedures for Monetary Relief: All Settlement Class Members, including the Named Plaintiffs, may be eligible to receive a Monetary Award from the Settlement Fund. All Settlement Class Members are eligible to receive a Time in Pay Band Award and a Discretionary Award. All Settlement Class Members, including the Named Plaintiffs, who seek a Discretionary Award (in addition to the Time in Pay Band Award) based on an individual assessment of their claims and alleged losses by qualified, independent Neutrals as part of the Claims Resolution Program (“CRP”) must complete and submit a Claim Form, described more fully below, to the Claims Administrator. In order to receive a Monetary Award, a Settlement Class Member must provide to the Claims Administrator a W-4 and/or W-9 tax form(s) to the extent applicable, which may be submitted via mail or via secure electronic submission.

2. Time in Pay Band Award. All Claimants are eligible to receive an award based on the length of time during which they qualified for class membership and were in each pay band (“Time in Pay Band Award”). The Time in Pay Band Award shall be calculated using the following multipliers:

Payment Per Year in Which Settlement Class Member Met Class Definition	Pay Band
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\$5,250	Pay Bands 4A, 4B, 40, or 41
\$4,500	Pay Band 5A or 51
\$4,000	Pay Band 5B or 52
\$1,500	Pay Band 5C or 53
\$500	Pay Band 6 or 60

A Claimant's Time in Pay Band Award shall be calculated on a pro-rated basis such that if a Claimant is in a pay band for a portion of a year, they will receive the corresponding portion of the award designated for that pay band. The Time in Pay Band Award shall be calculated from February 13, 2011 through December 31, 2022. Within twenty (20) days of the Final Approval, the Bureau shall provide to the Special Master and Class Counsel a spreadsheet in Microsoft Excel or similarly accessible and manipulable format including for each Settlement Class Member data indicating the length of time each Class Member spent in each pay band specified in the table set forth in this paragraph of the Settlement Agreement while simultaneously meeting the definition of the Class such that the Special Master may efficiently calculate each Settlement Class Member's Time in Pay Band Award. Within twenty (20) days of the Final Approval, the Bureau shall provide to the Special Master, Class Counsel, and Claims Administrator work histories for each Settlement Class Member that states each position the Settlement Class Member held while employed at the Bureau, the start date and end date for each position, the job series for each position, the Pay Band(s) for each position, whether each position was located within the Office of Consumer Response, and whether the position meets the criteria in the Class Definition.

The Special Master shall determine the Time in Pay Band Award for each Class

Member as quickly as practicable after the Bureau provides relevant personnel information for each Class Member.

3. Discretionary Award. For Class Members who elect to submit a Claim Form, the Claim Form shall be completed in its entirety, including responses to questions concerning allegations of race discrimination, financial losses, and any alleged emotional distress. The Claim Form may be submitted in writing or via secure electronic submission and must be signed or electronically affirmed, under penalty of perjury. Settlement Class Members who elect to submit a Claim Form, including Named Plaintiffs, shall complete the Claim Form in accordance with the procedures and requirements set forth on the Claim Form. In order to seek financial recovery for any period after CFPB employment, the Settlement Class Member must submit qualified evidence of post-CFPB income and work history. In order to seek financial recovery for alleged emotional distress, Settlement Class Members must complete the section of the Claim Form regarding emotional distress and may submit any additional documentation they deem appropriate. Claim Forms shall be maintained by the Claims Administrator and shall remain strictly confidential. Neither the Claim Forms nor the contents thereof shall be disclosed to Defendants. To be considered timely, Claim Forms must be received by the Claims Administrator within forty-five (45) days after Notice of Final Approval is mailed to the Settlement Class Members.

4. Claims Resolution Process for Settlement Class Members who Submit a Claim Form. Settlement Class Members who timely submit a completed Claim Form will have their claims reviewed by an independent, qualified third-party neutral (“Neutral”) in the CRP, as described more fully below.

a. The claims of Settlement Class Members who participate in the

CRP will be evaluated by one or more Neutrals from a panel of qualified Neutrals, selected by the Special Master in consultation with Class Counsel. All information communicated by Class Members during the CRP shall remain confidential and shall not be disclosed to Defendants.

The Neutrals selected will have substantial training and experience with employment discrimination claims, but cannot be full-time, practicing employment law attorneys. The Neutrals and Special Master will receive information from Class Counsel regarding the Bureau's policies and practices and the evidentiary record and legal theories supporting the Class Claims.

b. Nothing in this Settlement prohibits any Settlement Class Member from retaining his or her own attorney.

5. Neutral Evaluation of Claims. In evaluating individual claims, the Neutrals shall consider information in the Claim Form and any supporting documents submitted by Claimants, as well as information submitted by Defendants identifying prior release agreements or judicial determinations.

a. Factors and information the Neutrals may weigh include but are not limited to the following:

- i. Length of service at the CFPB;
- ii. Length of employment while meeting the criteria to be a Class Member;
- iii. The Claimant's experiences with regard to pay, office environment, exclusionary treatment, emotional distress, lack of advancement or career opportunities, and other treatment;
- iv. The extent to which a Claimant's Time in Pay Band Award adequately compensated the Claimant for damages resulting from claims released as part of this settlement;
- v. Whether the Claimant lodged an internal complaint of

discrimination;

- vi. Whether the Claimant filed a charge of discrimination and/or lawsuit;
- vii. Whether the Claimant was retaliated against for engaging in EEO protected activity related to race discrimination, and the extent of the alleged retaliation, including whether a Claimant was terminated or failed to have a contract renewed;
- viii. Any alleged career or reputational harm;
- ix. Any alleged severe financial distress;
- x. Mitigation and post-CFPB earnings;
- xi. Such other factors as the Neutral and Special Master agree upon; and
- xii. Whether the Claimant previously released, separately from this settlement, some or all of his or her claims and, if so, the date and terms of any such release of claims.

b. After evaluating the claims of each Settlement Class Member who submitted a Claim Form, the Neutral(s) shall recommend an individual Discretionary Award, if any, for each Settlement Class Member. No Settlement Class Member's Time in Pay Band Award plus Discretionary Award may exceed \$300,000.

c. Any determination made by the Neutral or panel of Neutrals, including the fact or recommended amount of a Monetary Award, will be inadmissible in this Action or any other subsequent proceeding for any purpose other than to enforce the Settlement Agreement or for any potential set off as described in Section VIII.F, and shall not be deemed to be a finding as to the merits of any claim.

6. Special Master. The Parties shall request that the Court appoint Lynn Cohn as Special Master under Federal Rule of Civil Procedure 53 to monitor and assist with the Settlement. If Ms. Cohn is unavailable to serve as Special Master, Counsel for all Parties shall

select another similarly qualified person to serve as Special Master. The Special Master shall participate in some of the assessment of claims in the CRP; make reports to Class Counsel and the Court as necessary in a confidential and/or *ex parte* manner; select Neutrals to participate in the CRP, who will also be appointed under Fed. R. Civ. P. 53; review and approve any contracts and the bills of the Neutrals and others performing services in the settlement process (all of which shall be paid by the Claims Administrator out of the Settlement Fund); and perform the below and other similar duties requested by Class Counsel or the Court.

a. The Special Master shall have the discretion whether to allow late Claim Forms submitted by Settlement Class Members for good cause shown. The Special Master's decision on whether to accept a late Claim Form is final and binding.

b. The Special Master will establish, for tax purposes, the allocation of Monetary Awards for each Claimant to wages, interest, compensatory damages, or other tax character as is appropriate based on the principles set forth in the IRS Regulations regarding the tax treatment of Monetary Awards for the released claims. The Special Master shall escrow a portion of the Settlement Fund for employer payroll tax payments for Monetary Awards for wages or services of any kind that are reportable on an IRS Form W-2.

c. The Special Master shall review data submitted by Defendants and, as early as practicable following Final Approval, determine and approve of the Time in Pay Band Awards. Promptly upon determining and approving the Time in Pay Band Awards, the Special Master shall prepare a master report of all Time in Pay Band Awards (including tax allocation) for all Settlement Class Members and the supporting inputs and method of calculation for each Time in Pay Band Award ("Time in Pay Band Award Master Report") and provide the Time in Pay Band Master Report to the Claims Administrator.

d. The Special Master shall review all of the proposed Discretionary Awards recommended by the Neutrals in the CRP for consistency and fairness and shall render a final determination as to the Discretionary Award, if any, which should be paid to each Settlement Class Member in the Claims Resolution Process.

e. The Special Master will also establish, for tax purposes, the allocation of Discretionary Awards for each Settlement Class Member to wages, interest, compensatory damages, or other tax character as is appropriate based on the principles set forth in the IRS Regulations.

f. After determining the allocation of Discretionary Awards, the Special Master shall prepare a master report of all Discretionary Awards (including tax allocations thereof) for Claimants who did submit a Claim Form (“Claim Form Master Report”) and provide it to the Claims Administrator for payment.

g. Except for the process described in section VIII.E, there shall be no appeal from the final Monetary Awards determined by the Special Master, which shall be final and not subject to review by, or appeal to, any court, mediator, arbitrator, or other judicial body, including without limitation this Court. As will be reflected in the final order approving this Settlement, Defendants, Defendants’ Counsel, and Class Counsel shall have no responsibility, and may not be held liable, for any determination reached by the Special Master.

h. The total amount of the Monetary Awards shall not exceed the net amount remaining in the Settlement Fund after payment of: (i) all attorneys’ fees and costs as described in Section VIII.A.2.b; (ii) Service Awards to the Named Plaintiffs; (iii) all costs in connection with the administration of the Settlement Agreement and the Settlement Fund as described in Section VIII.A.2.d; and (iv) the Bureau’s share of payroll taxes.

i. The Claims Administrator shall maintain the master report of all Time in Pay Band Awards and Discretionary Awards for a period of nine (9) years after the entry of Final Approval. Defendants shall have access to individual allocation amounts upon written notice to Class Counsel that the particular individual(s) for whom Defendants seek this information has challenged the Class Member Release or Named Plaintiff Release or has threatened to assert a claim included in the Released Claims or for other good cause.

7. Confidentiality of Claims Resolution Process and Settlement Administration. Before receiving any Confidential or Confidential-Attorneys Eyes Only Information, the Claims Administrator, Special Master, each Neutral, and any other third party involved in the claims process or the administration of this Settlement Agreement must sign a confidentiality agreement in a form agreed to by the Parties. Claims Forms completed by Class Members, information submitted by Class Members, and all other aspects of the Claims Resolution Process will be confidential.

D. Class Counsel Assistance to Class Members

1. Class Counsel shall be a consistent resource to Settlement Class Members throughout the Settlement approval and Claims Resolution Process.
2. Class Counsel shall answer questions from Settlement Class Members regarding the Claim Form, the CRP, or the Settlement in general.
3. Class Counsel shall assist Settlement Class Members in understanding the Settlement, CRP, and in preparing their Claim Forms if timely requested by Settlement Class Members. Attorneys from Class Counsel are available to review and assist Settlement Class Members in the preparation, review, and filing of their Claim Forms and supporting documentation, as applicable, upon timely and reasonable request from Settlement Class

Members.

4. Class Counsel will assign a staff member of its firm to act as liaison and coordinator of this Claims Resolution Process.

E. Distribution of Individual Monetary Awards.

1. Form of Check. The face of each check issued to Claimants shall clearly state that the check must be cashed within six months. The back of each such check to Claimants shall state: “By negotiating this check and accepting payment I acknowledge that I have waived and released the Released Parties from all Released Claims as defined in the Settlement Agreement and in the Notice in this matter. This Release became effective on the Effective Date under the Settlement Agreement.”

2. Time in Pay Band Award.

a. Issuance of Check. On the later of (1) the Effective Date, (2) forty-five (45) days after the Notice of Final Approval was mailed to Class Members, or (3) within ten (10) business days after the Special Master has transmitted the Time in Pay Band Master Report to the Claims Administrator, the Claims Administrator shall send a Notice of Award to each eligible Claimant for whom it has a completed W-4 and/or W-9 tax form(s) indicating the amount, if any, of the Time in Pay Band Award determined by the Special Master for that Claimant, along with a check with their individual Time in Pay Band Award. The Notice of Award shall include the inputs and method for calculating the Time in Pay Band Award such that a Claimant may determine how the Time in Pay Band Award was calculated. The Notice of Award shall also describe the appeals process provided in Section VIII.E.2.b.

b. Appeal of Time in Pay Band Award. If a Claimant believes that the Time in Pay Band Award was incorrectly calculated for any reason, the Claimant may submit a request

for correction and any accompanying documentation to the Claims Administrator within 30 days of receiving the Time in Pay Band Award. The Notice of Award shall direct a Claimant who wishes to submit a request for correction to nevertheless cash the Time in Pay Band Award check. The Claims Administrator shall promptly forward all requests for correction and any accompanying documentation to the Special Master and Counsel for both Parties. Within fourteen (14) days of receiving a request for correction from the Claims Administrator, the Bureau shall provide a response to the Special Master regarding whether it believes there was an error in the initial computation. In the event that the Bureau believes there was an error in the initial computation, the Bureau shall inform the Special Master and provide the Special Master with any corrected data if necessary, and the Special Master shall promptly order the Claims Administrator to issue an additional check to the Claimant for the additional dollar amount not reflected in the initial Time in Pay Band Award. If the Bureau believes that the initial calculation was correct, it shall so inform the Special Master and the Special Master shall make a final determination as to whether the Claimant is entitled to an additional Time in Pay Band Award based on the terms of this Agreement. If the Special Master determines that no additional payment is necessary, the Special Master shall promptly inform the Claims Administrator. Within ten (10) days of receiving a communication from the Special Master that a Claimant either (1) is entitled to an additional Time in Pay Band Award or (2) is not entitled to an additional Time in Pay Band Award, the Claims Administrator shall issue the Claimant either (1) an additional Time in Pay Band Award and accompanying Notice of Award or (2) a letter stating that the Special Master determined that the Claimant's Time in Pay Band Award was correctly calculated in the first instance, respectively.

3. Discretionary Award. Within ten (10) business days after the Special

Master has transmitted the Claim Form Master Report to the Claims Administrator, the Claims Administrator shall send a Notice of Award to each eligible Claimant for whom it has a completed W-4 and/or W-9 tax form(s) indicating the amount, if any, of the Discretionary Award determined by the Special Master for that Claimant, along with a check with the individual Discretionary Award.

4. If there are any Forfeited Awards, the Special Master shall first determine whether it is financially feasible to redistribute the Forfeited Awards. If it is financially feasible to redistribute Forfeited Awards, then the Special Master shall do so and shall, in her sole discretion, be authorized to redistribute the funds. If it is not financially feasible to redistribute the Forfeited Awards, they shall revert to the Bureau.

5. The Claims Administrator shall also retain for seven (7) years copies of Monetary Award checks negotiated by Claimants and make them available to Defendants upon notice to Class Counsel of good cause (e.g., that the particular individual(s) for whom Defendants seek this information has challenged the Class Member Release or Named Plaintiff Release or has threatened to assert a claim included in the Released Claims).

F. Non-Admissibility of Fact of Monetary Award (or Non-Award). Except to the extent it would constitute a set off in an action for damages claimed for any period covered by this Settlement, neither the fact nor amount of a Monetary Award, nor the fact of any non-award, shall be admissible in any other proceeding for any purpose other than to enforce the Class Member Release or Named Plaintiff Release, nor shall it be deemed to be a finding as to the merits of any claim.

G. Tax Treatment.

1. Qualified Tax Status and Tax Responsibilities. The Settlement Fund shall be

established as a Qualified Settlement Fund within the meaning of Treas. Reg. Section 1.468B-1, *et seq.*, and shall be consistent with Section 468B of the Internal Revenue Code of 1986, as amended, and shall be administered by Class Counsel and Claims Administrator under the Court's supervision. The Parties shall cooperate to ensure such treatment and shall not take a position in any filing or before any tax authority inconsistent with such treatment.

2. Payment of Federal, State, and Local Taxes. The Parties recognize that the Monetary Awards to eligible Claimants will be subject to applicable tax withholding and reporting, which will be handled as follows:

a. The Claims Administrator shall serve as trustee of the portion of the Settlement Fund devoted to paying claims ("Claims Fund") and shall act as a fiduciary with respect to the handling, management, and distribution of the claims, including the handling of tax-related issues and payments. Specifically, the Claims Administrator shall be responsible for withholding, remitting, and reporting of each of the Claimants' and the Bureau's share of the payroll taxes from the Claims Fund as specified further below.

b. The Special Master will establish and provide to the Claims Administrator, for tax purposes, the allocation of Monetary Awards to wage and non-wage income or other tax character as is appropriate based on the principles set forth in IRS Regulations.

c. The Claims Administrator shall be responsible for the timely reporting and remitting of the Employer Payroll Tax Payment to the appropriate taxing authorities and shall indemnify Defendants for any penalty arising out of an incorrect calculation and/or interest with respect to late payment of the same.

d. The Claims Administrator shall withhold and remit individual

taxes in accordance with Claimant's IRS Form W-4. A Claimant shall ultimately be responsible for any and all individual taxes owed on any Monetary Award.

e. Subject to the Claims Administrator's obligation to comply with applicable laws, the Parties anticipate that any amounts designated as interest shall not be subject to withholding and shall be reported, if required, to the IRS on Form 1099-INT. The amounts paid for emotional distress, if any, shall not be subject to withholding and shall be reported to the IRS on Form 1099-MISC.

f. All (i) taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any taxes or tax detriments that may be imposed on Defendants with respect to income earned for any period during which the Settlement Fund does not qualify as a "Qualified Settlement Fund" for federal and state income tax purposes (hereinafter "Settlement Fund Taxes"), and (ii) expenses and costs incurred in connection with the operation and implementation of this Section (VIII.G) (including, without limitation, expenses of tax attorneys and/or accountants, mailing and distribution costs, and expenses relating to filing (or failing to file) any returns described herein or otherwise required to be filed pursuant to applicable authorities) (hereinafter "Settlement Fund Tax Expenses"), shall be paid out of the Settlement Fund. Further, Settlement Fund Taxes and Settlement Fund Tax Expenses shall be treated as a cost of the administration of the Settlement Fund. The Parties hereto agree to cooperate with the Claims Administrator, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions set forth in this Section (VIII.G).

H. Defendants Have No Further Obligation, Liability or Responsibility. Defendants shall have no withholding, reporting, or any other tax reporting or payment responsibilities with

regard to the Settlement Fund or its distribution to Settlement Class Members. Moreover, Defendants shall have no liability, obligation, or responsibility for the administration of the Settlement Fund, the determination of any formulas for disbursement, or the disbursement of any monies from the Settlement Fund except for (1) the Bureau's obligation to pay the \$6 million into the Settlement Fund as described in Section VIII.A; and (2) Defendants' agreement to cooperate in providing information which is necessary for Settlement administration set forth herein. The Claims Administrator shall indemnify Defendants for any tax liability, damages, or penalties arising out of their performance of any of their duties required by this Settlement Agreement.

IX. ATTORNEYS' FEES AND EXPENSES OF CLASS COUNSEL AND SERVICE AWARDS TO NAMED PLAINTIFFS.

A. As discussed above in Section VIII.A.2, all of Class Counsel's fees and costs, including those in connection with securing Court approval of this Settlement Agreement, the claims process, and any monitoring of this Settlement Agreement, shall be paid from the Settlement Fund, following approval of those attorneys' fees and costs by the Court. Subject to approval by the Court, Class Counsel will seek attorneys' fees of 25% of the Settlement Fund, plus reimbursement of reasonable costs and expenses. Defendants shall not object to Class Counsel's requests for fees and costs up to the amounts stated herein.

B. The Named Plaintiffs have invested substantial time and effort assisting Class Counsel and serving as fiduciaries for the Settlement Class. As is standard in class litigation, Class Counsel intends to petition the Court for Service Awards to Named Plaintiffs for their efforts and service to the Settlement Class.

X. ENFORCEMENT AND DISPUTE RESOLUTION MECHANISMS

A. The Parties will work diligently and in good faith to resolve all disputes that may

arise between them concerning the rights, obligations, and duties of the Parties to this Agreement. In the event that the Parties cannot agree, the Parties will attempt to resolve the dispute with the facilitation of a mediator. In the event that mediation is unsuccessful, then either party may institute an enforcement action.

B. Enforcement of this Agreement shall be prosecuted by Class Counsel or Defendants' counsel only, not third parties. Neither Settlement Class Members nor any third parties will have any individual rights to enforce the terms of the Settlement Agreement. In any action brought to enforce this Agreement, the Court may, in its discretion, award reasonable attorneys' fees and expenses to the prevailing party.

C. Any enforcement proceedings related to or arising out of this Settlement Agreement will be resolved and adjudicated only by the Honorable Judge Beryl A. Howell of the United States District Court for the District of Columbia, or by any other judge of that Court to whom the action subsequently may be assigned, unless otherwise provided in this Settlement Agreement.

XI. CONFIDENTIALITY.

A. Public Comment. Other than necessary disclosures made to the Court or otherwise required by law, the content of the Parties' settlement negotiations and all related information shall be held confidential by Counsel for the Parties.

B. Documents and Information Produced by Defendants and Class Counsel. All proprietary and confidential documents, data, or information that have previously been provided to either Defendants or Class Counsel as of the date this Settlement Agreement is executed, or which are produced by Defendants or Class Counsel pursuant to any provision of this Settlement Agreement shall, unless otherwise agreed, be treated as, and thereafter remain, confidential. Said

documents and information shall not be disclosed to anyone other than the mediator or the Court in connection with any proceeding to enforce any provision of this Settlement Agreement, or as otherwise provided in this Settlement Agreement or as such disclosure is required by law. If such disclosure is deemed necessary by Class Counsel or Defendants, Class Counsel or Defendants shall identify and disclose to the other party such documents and information deemed necessary to disclose at least ten (10) business days prior to filing such documents with any court, and, if a party so requests, shall seek permission to file said documents with this Court under seal.

C. Return or Disposal of Confidential Documents and Information. All proprietary and confidential documents or information that have previously been provided to Class Counsel or to Defendants as of the date this Settlement Agreement is executed, or which are produced by Defendants or Class Counsel pursuant to any provision of this Settlement Agreement, shall, upon request, be destroyed or returned to counsel as follows:

1. After the expiration of the three-year term of this Settlement Agreement all proprietary and confidential documents or information provided to Class Counsel or Defendants and designated “PROTECTED” or “HIGHLY PROTECTED” pursuant to the Protective Order entered by the Court in this case on April 16, 2019, or that have been produced in confidence pursuant to any provision of this Settlement Agreement, and all copies of such documents or information other than those records and information required to be maintained by law, regulation, government-wide rule, duty to preserve documents related to recently anticipated or pending litigation, or the rules of professional responsibility, shall be returned to counsel for the producing party or be destroyed within ninety days. Upon request, certification of such destruction shall be provided to counsel for the producing party. The parties’ proposed

Preliminary Approval Order to the Court shall provide that the April 16, 2019 Protective Order be modified consistent with this Agreement.

2. Nothing in the preceding paragraphs of this Section (XI) shall preclude any party from responding to a lawful discovery request, subpoena, or court order; provided, however, that the party against whom such discovery is sought, or such subpoena or order is directed agrees to provide prompt notice and a copy of same to counsel for the other parties to this Settlement Agreement. Nor shall anything in the preceding paragraphs preclude any party from retaining attorney work product.

XII. OTHER TERMS AND CONDITIONS OF SETTLEMENT.

A. Governing Law. The Parties agree that federal law shall govern the validity, construction, and enforcement of this Settlement Agreement. To the extent that it is determined that the validity, construction, or enforcement of this Settlement Agreement, or the Named Plaintiff Release thereunder pursuant to its terms is governed by state law, the substantive law of the District of Columbia shall apply.

B. Entire Agreement. This Settlement Agreement, including the Exhibits hereto, contains the entire agreement and understanding of the Parties with respect to the Settlement. This Settlement Agreement does not impose any obligations on the Parties beyond the terms and conditions stated herein. Accordingly, this Settlement Agreement shall not prevent or preclude the Bureau from revising its employment practices and policies or taking other personnel actions during the term of this Settlement Agreement so long as such actions would not violate the terms of this Settlement Agreement.

C. Modifications. Except as specifically provided for herein, this Settlement Agreement may not be amended or modified except with the express written consent of the

Parties.

D. Exhibits. The Exhibits to this Settlement Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

E. Notices and Communication to Counsel. All notices and other communication to Counsel for the Parties required or desired to be given under this Settlement Agreement shall be in writing and sent to Counsel for the respective Parties by email (referencing the case name and number in the subject line) to the email address(es) noted below. Transmission by physical mail is not required but any communication by physical mail shall be to the following recipients and addresses (or to such other address as counsel for such party may designate in a subsequent notice):

To Plaintiffs:

Linda D. Friedman
Stowell & Friedman, Ltd.
303 W. Madison, Suite 2600
Chicago, Illinois 60606
E-mail: Lfriedman@sfltd.com
mcolton@sfltd.com

To Defendants:

Deputy General Counsel for the Office of Litigation
Legal Division
Consumer Financial Protection Bureau
1700 G. St. NW
Washington, DC 20552
E-mail: cfpb_litigation@cfpb.gov

F. Failure to Insist on Strict Compliance. The failure of any party to insist in any one or more instances on strict compliance with the terms and conditions hereof shall not be construed to be a waiver of remedies available with respect to any prior or subsequent breach.

G. Settlement Agreement Binding. This Settlement Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective heirs, dependents, executors, administrators, trustees, legal representatives, personal representatives, agents, successors, and assigns; provided, however, that this Settlement Agreement shall not inure to the benefit of any third party.

H. No Drafting Presumption. All Parties hereto have participated, through their

respective counsel, in the drafting of this Settlement Agreement and, therefore, this Settlement Agreement shall not be construed more strictly against one party than another.

I. Dispute As To Meaning of Agreement Terms. In the event of any dispute or disagreement with respect to the meaning, effect or interpretation of this Settlement Agreement or any Exhibit hereto, or in the event of a claimed breach of the Settlement Agreement, the Parties agree that such dispute will be resolved and adjudicated only in accordance with the dispute resolution provisions of Section X of this Settlement Agreement.

J. Interpretation of Terms. Whenever possible, each provision and term of this Settlement Agreement shall be interpreted in such a manner as to be valid and enforceable.

K. Severability. Except as provided in Section IV.F.4, if after Final Approval is granted, any portion of this Settlement Agreement is subsequently judged to be unenforceable, the remainder of this Settlement Agreement shall continue to be valid and enforceable.

L. Integration. This Settlement Agreement contains the entire agreement between the Parties related to any and all matters addressed in the Settlement Agreement, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, with respect to such matters are extinguished. No rights hereunder may be waived or modified except in a writing signed by all Parties.

M. Paragraph and Section Headings. Paragraph and section headings are for convenience of reference only and are not intended to create substantive rights or obligations.

N. Counterparts. This Settlement Agreement may be executed in counterparts. Each signed counterpart together with the others shall constitute the full Settlement Agreement.

O. Agreement Binding. As of the date on which counsel for the Parties execute this

Settlement Agreement, this Settlement Agreement will be binding in all respects, unless the Court fails to approve this Settlement Agreement and the Settlement Agreement is thus vacated.

P. Parties' Authority. The signatories hereby represent that they are fully authorized to enter into this Settlement Agreement and to bind the Parties to the terms and conditions hereof. All of the Parties acknowledge that through this Settlement Agreement and its attachments, they and the Class Members are being advised that they may consult an attorney regarding their participation in this Settlement Agreement, and the Parties acknowledge that they in fact have been represented by competent, experienced Counsel throughout all negotiations which preceded the execution of this Settlement Agreement, and this Settlement Agreement is made with the consent and advice of Counsel who have jointly prepared this Settlement Agreement.

SIGNATURE PAGE FOLLOWS

Signed on August 21, 2023 on behalf of all Parties by:



Linda D. Friedman
(Admitted Pro Hac Vice)
George S. Robot
Truscenialyn Brooks
(Admitted Pro Hac Vice)
Caitlin M. Kearney
(Admitted Pro Hac Vice)
STOWELL & FRIEDMAN, LTD.
303 W. Madison, Suite 2600
Chicago, Illinois 60606
Phone: 312.431.0888
Fax: 312.431.0228
Email: Lfriedman@sfltd.com

Justin Leinenweber
Justin L. Leinenweber, P.C.
120 N LaSalle St Ste 2000,
Chicago, IL 60618
Phone 312-857-3405
justin@ilesq.com

*Counsel for Plaintiffs
Carzanna Jones and Heynard L.
Paz-Chow, on behalf of themselves and
all others similarly situated*

Seth Frotman
General Counsel
Steven Y. Bressler
Deputy General Counsel
Thomas McCray-Worrall
Senior Counsel
Allison Ziegler
Senior Counsel
Derick Sohn
Senior Counsel
Ryan Cooper
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Consumer Financial Protection Bureau
1700 G Street, NW
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(202) 435-9683 (telephone)
(202) 435-7024 (facsimile)
thomas.mccray-worrall@cfpb.gov
*Counsel for Defendants
Consumer Financial Protection Bureau and
Rohit Chopra, in his official capacity as
Director, Consumer Financial Protection
Bureau*

Signed on August 21, 2023 on behalf of all Parties by:

Linda D. Friedman
(Admitted Pro Hac Vice))
George S. Robot
Justin Leinenweber
STOWELL & FRIEDMAN, LTD.
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*Counsel for Plaintiffs
Carzanna Jones and Heynard L.
Paz-Chow, on behalf of themselves and
all others similarly situated*



Seth Frotman
General Counsel
Steven Y. Bressler
Deputy General Counsel
Thomas McCray-Worrall
Senior Counsel
Allison Ziegler
Senior Counsel
Derick Sohn
Senior Counsel
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thomas.mccray-worrall@cfpb.gov
*Counsel for Defendants
Consumer Financial Protection Bureau and
Rohit Chopra, in his official capacity as
Director, Consumer Financial Protection
Bureau*

**Exhibit A to the
Settlement Agreement
(Filed Under Seal)**

Exhibit B to the Settlement Agreement

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

CARZANNA JONES and HEYNARD L.
PAZ-CHOW, on behalf of themselves and
all others similarly situated,

Plaintiffs,

v.

ROHIT CHOPRA, in his official capacity as
Director, Consumer Financial Protection
Bureau, and CONSUMER FINANCIAL
PROTECTION BUREAU,

Defendants.

Civil Action No.: 18-2132 (BAH)

Judge Beryl A. Howell

Jury Trial Requested

**EXHIBIT B
GENERAL RELEASE AGREEMENT
(NAMED PLAINTIFFS)**

I, _____, for myself and any of my heirs and personal representatives, hereby fully and forever waive, release, and discharge the Bureau, its successors, managers, officers, agents, and representatives (in their official and/or personal capacities) from any grievance, administrative action, Federal court action or other claim of every kind, nature, or description, whether known or unknown, which I may have had, may now have, or may hereafter discover arising from or in connection with events that occurred prior to the date on which class notice is mailed to the class members in *Jones v. Chopra et al.*, No. 18-2132 (BAH) (D.D.C.) (the “effective date”), except claims that are not waivable as a matter of law. This waiver and release includes, but is not limited to, any request for counseling, complaint, claim, or lawsuit that has or could have been brought under the Civil Rights Act of 1964, Title VII, as amended, which prohibits discrimination based on race, color, national origin, religion, or sex; under the Rehabilitation Act, which prohibits disability discrimination in employment; under the Age Discrimination in Employment Act, as amended by the Older Workers’ Benefit Protection Act; before the Merit Systems Protection Board, which adjudicates claims involving federal merit system principles; with the U.S. Office of Special Counsel, which enforces merit principles in the federal sector; under any other law prohibiting discrimination in federal employment or before any federal agency or office investigating claims against federal employers; any grievance filed under the Bureau’s Administrative Grievance System; and any grievance filed under the Article on Grievance and Arbitration Procedures of the Collective Bargaining Agreement between the Bureau and NTEU. In connection with such waiver and relinquishment, I acknowledge that I am aware that I may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which I now know, with respect to the

matters released herein. Nevertheless, it is my intention through this release, with the advice of counsel, to settle and release all claims of which I knew or should have known arising out of or in connection with events that occurred prior to the date on which class notice is mailed to the class members in *Jones v. Chopra et al.*, No. 18-2132 (BAH) (D.D.C.), except claims that are not waivable by law. I hereby covenant that I will not commence against the Bureau or any of its successors, managers, officers, agents, and representatives any action, claim, suit, or administrative proceeding on account of any claim or cause of action that has been released or discharged by this release. By executing this release, I do not waive claims that may arise after the effective date of this release and do not waive any right to cooperate with EEO investigations or to otherwise engage in protected activity unrelated to filing an EEO complaint based on actions or events that occurred prior to the effective date of this release.

[Signature Page to Follow]

AGREED:

[SIGNATURE]

[PRINT NAME]

Date

Exhibit C
to the Settlement
Agreement

**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA
 NOTICE OF CLASS ACTION, PROPOSED SETTLEMENT
 AGREEMENT, AND FAIRNESS HEARING.**

If you are African American, Black, and/or Hispanic and were employed by the Consumer Financial Protection Bureau (“CFPB” or “Bureau”) at any time between February 13, 2011 and April 19, 2022, and served during that time in a non-supervisory position(s) that was (1) assigned to the Bureau’s Office of Consumer Response, (2) in pay bands identified by the Bureau as 4, 4A, 4B, 40, 41, 5, 5A, 5B, 5C, 51, 52, 53, 6, 6A, or 60, and (3) classified by the Bureau as falling within occupational job series code 301 (except that serving in the following positions does not qualify you for class membership: Consumer Response Implementation Manager (position description #110090), Consumer Response Manager (Quality Control) (position description #111410), Policy Analyst (position description #110210), or Consumer Response Analyst (position description #110770)), a class action settlement will affect your rights.

A federal court has authorized this notice. This is not a solicitation from a lawyer.

On [preliminary approval date], Judge Beryl A. Howell of the U.S. District Court for the District of Columbia granted preliminary approval of a proposed class action settlement in the lawsuit *Jones v. Chopra*, Civil Action No. 18-cv-2132. The Court ordered this notice to inform you of your rights and options under the Settlement. The proposed Settlement will provide a Settlement Fund of \$6 million for a class of certain African American, Black, and/or Hispanic CFPB employees to resolve claims of race discrimination and retaliation against the Bureau.

Your Legal Rights and Options in this Settlement:	
Do Nothing (for now) and Wait	<p>Wait for the Court. Stay in the lawsuit. Seek money if the Court approves the Settlement. Give up certain rights.</p> <p>The Court still must decide whether to approve the Settlement. If you wish to participate in the Settlement, you may wait for further notice. If the Court approves the Settlement, you will be mailed a separate notice about your rights and what you must do to seek money from the Settlement.</p>
Exclude Yourself (Opt Out)	<p>Opt out of the Settlement’s monetary relief. Receive no money from the Settlement. Keep any rights to sue CFPB separately for the claims in this lawsuit.</p> <p>You must opt out, or seek exclusion from, the Settlement by [45 days after mailing Notice].</p>
Comment or Object	<p>Write to the Court about your view of the Settlement or why you don’t think it is fair to the class.</p> <p>You must object to the Settlement by [45 days after mailing Notice]</p>

These options—and the deadlines to exercise them—are explained in this notice.

What This Notice Contains
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1. Purpose of This Notice

The purpose of this notice is to inform you about: (i) this lawsuit, (ii) the Settlement and Settlement Class definition that the Court has preliminarily approved, and (iii) your legal rights and options in connection with the Settlement and a hearing to be held before the Court on [*date of Fairness Hearing*], to consider the fairness, reasonableness, and adequacy of the Settlement and related matters. This notice also describes the steps to be taken by those who wish to be excluded from the Class or to object to the Settlement, and, for those who remain in the Class, the steps necessary to seek a share of the Settlement Fund if the Court approves the Settlement.

2. Background: About the Lawsuit

In 2014, Plaintiffs Carzanna Jones and Heynard Paz-Chow retained Class Counsel to represent them with respect to their claims of race discrimination in employment against the Consumer Financial Protection Bureau. On July 25, 2014, Paz-Chow filed an Equal Employment Opportunity (“EEO”) administrative complaint alleging discrimination and retaliation with the Bureau’s Office of Civil Rights. On November 12, 2014, Jones filed an EEO administrative complaint alleging discrimination and retaliation with the Bureau’s Office of Civil Rights, also alleging systemic discrimination against herself and other similarly situated employees. On September 13, 2018, Jones and Paz-Chow filed a complaint (the “Complaint”) in the Court to initiate a putative class action on behalf of themselves and others similarly situated against the Defendants pursuant to 42

U.S.C. § 2000 *et seq.*, among other claims. This Complaint alleged, among other things, that Blacks or African Americans and Hispanics employed as Consumer Response Specialists were subjected to and harmed by the Bureau's agency-wide discriminatory and retaliatory policies and practices, including paying the Named Plaintiffs lower wages than non-minority employees because of their race or color, and discrimination in other terms and conditions of their employment. On December 6, 2018, the Complaint was amended, with leave of Court. The amended complaint describes Plaintiffs' claims and can be found at [*insert website url*]. The lawsuit is known as *Jones, et al. v. Chopra et al.*, Civil Action No. 18-cv-2132.

The Bureau denied and continues to deny all of the allegations and claims asserted in this lawsuit, including alleged liability under federal, state, or local anti-discrimination laws, and denies that the Named Plaintiffs or Class Members are entitled to any relief. The Court has not made, and will not make, any determination on the merits of this matter or decide who is right and who is wrong. By entering into the proposed Settlement, the Bureau does not admit any wrongdoing. The Settlement resolves claims of race and color discrimination, harassment, and retaliation in terms and conditions of employment, including claims brought or that could have been brought in the lawsuit under Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e, *et seq.*, as well as state and local anti-discrimination laws.

The Court has reviewed the Settlement and has preliminarily approved it as being fair, adequate, and reasonable. Before deciding whether to give the Settlement Final Approval, the Court wishes to inform the Class of the general terms of the Settlement and of the right of Class Members to comment on, or to opt out of, the Settlement.

3. Class Definition

You are a member of the Class affected by the Settlement if you fit within this definition:

Black, African American, and/or Hispanic employees of the Bureau who, at any time between February 13, 2011 and April 19, 2022, served in a non-supervisory position(s) that was assigned to the Bureau's Office of Consumer Response, that was in pay bands identified by the Bureau as 4, 4A, 4B, 40, 41, 5, 5A, 5B, 5C, 51, 52, 53, 6, 6A, or 60, and that was classified by the Bureau as falling within occupational job series code 301 (except that service in any of the following positions does not make an individual eligible to be a member of the class: Consumer Response Implementation Manager (associated with position description number 110090), Consumer Response Manager (Quality Control) (associated with position description number 111410), Policy Analyst (associated with position description number 110210), or Consumer Response Analyst (associated with position description number 110770).

If you received this notice in a mailing addressed to you, then the Bureau's records show that you are a Class Member, *i.e.*, that you fit the definition above. If so, you have legal rights and options that you can exercise before the Court finally approves the Settlement.

4. Summary of Settlement Terms

The Bureau has agreed to create a Settlement Fund in the total amount of \$6 million. The Settlement Fund will cover payments to Class Members, service awards to the Named Plaintiffs, Class Counsel's attorneys' fees and costs, employer payroll taxes, and the costs of administering the Settlement Fund.

The Bureau has also agreed to provide training and information on the rules for making a complaint of discrimination through the National Treasury Employees Union or through the Equal Employment Opportunity process.

5. How to Proceed: Your Options

Option A: Do Nothing (for Now) and Wait Until the Court Decides on Final Approval of the Settlement

The Court still must decide whether to grant Final Approval of the Settlement. If you wish to participate in the Settlement, and do not wish to comment or object, you may do nothing in response to this Notice and wait for further Notice from the Court. If the Court approves the Settlement, you will receive a separate Notice advising you of your rights and the process and deadlines by which you may act to receive a payment from the Settlement Fund.

Option B: Opt Out and Exclude Yourself from the Settlement

If you do not want to participate in the Settlement, but wish to retain your own rights to sue the Bureau separately for the legal claims covered by this Settlement, you must request to opt out of, or be excluded from, this Settlement. If you opt out, you will not be eligible for any monetary award from the Settlement. However, you will keep any rights you might have to sue the Bureau separately for the legal claims covered by this Settlement. You may not opt out of the programmatic relief of the Settlement.

If you wish to opt out, you must mail a written, signed statement that you are opting out of the Settlement to the Claims Administrator, at the address listed below. To be effective, this opt out statement must be postmarked on or before *[forty-five (45) days after the Notice was mailed to Class Members]* and include the following language:

I hereby opt out of the class action settlement in the lawsuit *Jones v. Chopra*, Civil Action No. 18-2132 in the United States District Court for the District of Columbia. I understand that by requesting to be excluded from the monetary settlement in this case, I will receive no money from the Settlement Fund created under the Settlement Agreement. I understand that I may bring a separate legal action seeking damages for claims that I would have released as part of this settlement if I did not opt out, but I might receive nothing or less than what I would have received if I had filed a claim under the class monetary settlement procedure in this case. I also understand that I may not seek exclusion from the class with respect to injunctive relief and that I am bound by the injunctive provisions of the Settlement Agreement.

The address of the Claims Administrator is:

Address
Address
Address
Address

If you submit an opt out, you may rescind your opt out (*i.e.*, you may change your mind and stay in the Class). To be effective, such rescissions must be submitted in writing and received by the Claims Administrator by *[date]*, which is one day before the Fairness Hearing on *[Fairness Hearing Date]*.

Class Members who submit timely and valid requests for exclusion will have no right to object to the monetary relief or related claims resolution process in Court and will no longer be represented by Class Counsel.

You may not opt out of the programmatic relief to be provided as part of this Settlement.

Option C: Comment On or Object to the Settlement

The Court must assess the overall fairness and reasonableness of the Settlement to the Class. Class Members who have not opted out may comment on or object to the Settlement’s programmatic relief and to the monetary relief. Class Members who have opted out may not object to or comment on the monetary relief, but may object to or comment on the injunctive relief.

In order to have your comment or objection to the Settlement considered by the Court or to speak at the Fairness Hearing, you must submit a written comment or objection to the Settlement prior to the Fairness Hearing that includes a detailed description of the basis of the comment or objection. The objection must state whether it applies only to the objector, to a specific subset of the Class, or to the entire Class, and also state with specificity the grounds for the objection. You do not need to be represented by counsel to comment on or object to the Settlement.

Comments or objections must be filed with the Court, with copies served on and sent via e-mail to Class Counsel and Counsel for the Bureau no later than *[45 days after this Notice is mailed]*.

The address of Class Counsel is:

Linda D. Friedman
George S. Robot
Stowell & Friedman, Ltd.
303 W. Madison, Suite 2600
Chicago, IL 60606-3395
lfriedman@sfltd.com
grobot@sfltd.com

The address of counsel for the Bureau is:

Deputy General Counsel for the Office of Litigation
Legal Division
Consumer Financial Protection Bureau
1700 G. St. NW
Washington, DC 20552
cfpb_litigation@cfpb.gov

Only Settlement Class Members who timely file and serve their signed, written objections and state in writing their intent to appear at the Fairness hearing may appear at the Fairness Hearing. No one may appear at the Fairness Hearing for the purpose of objecting to the Settlement Agreement without first having filed and served their objection(s) in writing no later than *[45 days*

after this Notice is mailed].

6. What Will Happen If the Settlement Is Approved

If you do not opt out, you will remain a part of the Settlement Class and be eligible to seek payment from the Settlement Fund. The Court will hold the Fairness Hearing and you, as a Class Member, will be represented by Class Counsel at no cost to you. If the Court gives Final Approval to the Settlement, you will receive a separate notice called the “Final Notice” advising you of your rights and the process to receive a payment from the Settlement Fund. This process is described in section 8 of this notice.

7. Release

If the Court grants Final Approval of the Settlement, then all Settlement Class Members who do not opt out will release the Bureau from all employment-related claims of race and color discrimination, harassment, and retaliation that relate to each Settlement Class Member’s employment in a position that qualifies for class membership. To “release” a claim means that you cannot sue the Bureau or related parties for any of the claims covered by the release. Unless you opt out of the Settlement, you will be covered by the release and lose your claims, even if you do not submit a Claim Form for a Discretionary Award (discussed further below).

8. How Will My Settlement Award Be Calculated?

Each Class Member, including you, will be eligible for a Monetary Award from the Settlement Fund. There are two types of Monetary Awards, and you will be eligible for both. The Monetary Awards are called the Time in-Pay Band Award and the Discretionary Award. You do not have to take action now, and instructions will be included in the Final Notice that will be sent to you if the Court approves the Settlement Agreement.

Time in Pay Band Award

If the Court approves the Settlement Agreement, you will have to fill out and submit to the Claims Administrator IRS Form W-4 and/or W-9 in order to receive a Time in Pay Band Award. You do not need to submit that form until you are instructed to do so in the Final Notice.

The Time in Pay Band Award is calculated based on how long you worked in a particular pay band between February 13, 2011 and December 31, 2022 while meeting the criteria of the class, meaning that you (1) were assigned to the Bureau’s Office of Consumer Response, (2) worked in a non-supervisory position in the 301 job series, (3) were in a pay band identified by the Bureau as 4, 4A, 40, 41, 5, 5A, 52, 53, 6, 6A, or 60, **and** (4) were not employed as a Consumer Response Implementation Manager (associated with position description number 110090), a Consumer Response Manager (Quality Control) (associated with position description number 111410), a Policy Analyst (associated with position description number 110210), or a Consumer Response Analyst (associated with position description number 110770)).

The Time in Pay Band Award will be calculated based on the following formula:

Payment Per Year in Which Settlement Class Member Met Class Definition	Pay Band
\$5,250	Pay Bands 4A, 4B, 40, or 41
\$4,500	Pay Band 5A or 51
\$4,000	Pay Band 5B or 52
\$1,500	Pay Band 5C or 53
\$500	Pay Band 6 or 60

A Special Master appointed by the Court will determine your Time in Pay Band Award. If after the Special Master determines your Time in Pay Band Award you believe the amount of your Time in Pay Band award is incorrect, you may submit a request for correction and any supporting documentation. The Special Master will review these materials and issue an additional Time in Pay Band Award if necessary. Aside from this opportunity to submit a request for correction, all Time in Pay Band Awards are final, binding, and non-appealable and you will not have the right to challenge the Time in Pay Band Award approved by the Special Master.

Discretionary Award

If the Court approves the Settlement Agreement, you will have to fill out and submit to the Claims Administrator a Claim Form and IRS Forms W-4 and/or W-9 in order to receive a Discretionary Award. You do not need to submit this information until you are instructed to do so in the Final Notice.

A Claim Form must be completed in its entirety, including responding to questions seeking evidence of alleged (a) race discrimination, (b) retaliation, (c) financial losses, and (d) any emotional distress. To seek financial recovery for any period after your employment with the Bureau, you must submit documentary evidence of post-CFPB income and work history, including employment search history and other efforts to obtain employment. To seek financial recovery for alleged emotional distress, you must complete the section of the Claim Form regarding emotional distress and may submit any additional documentation you deem appropriate.

The Special Master appointed by the Court and/or a Neutral that works with the Special Master will assess your claim and determine a Discretionary Award based on all available information and the individual facts and circumstances of your claim and all claims submitted by Settlement Class Members.

Class Counsel will be available to assist Class Members in the claims resolution process. You may also retain your own attorney to assist you in this process, at your own expense. Your Claim Form will remain strictly confidential and will be disclosed to only Class Counsel, the Special Master,

and any Neutral evaluating your claim. Neither your Claim Form nor the contents thereof will be disclosed to the Bureau.

All Discretionary Awards will be reviewed and approved by the Special Master appointed by the Court to make sure they are fair and consistent. You will not have a right to challenge the Discretionary Award approved by the Special Master. All Discretionary Awards are final, binding, and non-appealable.

9. Are There Tax Consequences for Any Money I Might Get?

Yes, any award you receive from the Settlement Fund will have tax consequences for you. The Special Master will be responsible for allocating any monetary payments appropriately between different types of income or monetary compensation (*e.g.*, wages, interest, emotional distress). The Claims Administrator will withhold, remit, and report your share of payroll taxes from the Settlement Fund based on the W-4 form you fill out. Ultimately, you will be responsible for any and all individual taxes owed on any Monetary Award.

Class Counsel are not tax advisors and cannot give you advice on any tax matters. Class Counsel urge you to consult your tax advisor for answers to any questions you may have about the tax implications of any potential award. The Bureau makes and has made no representations as to the taxability of any portion of any award you receive from the Settlement Fund.

10. The Lawyers Representing You and the Class

As a Settlement Class Member, you are represented in this litigation by Class Counsel:

Linda D. Friedman
George S. Robot
Stowell & Friedman, Ltd.
303 W. Madison, Suite 2600
Chicago, IL 60606-3395
Telephone: (312) 431-0888
lfriedman@sfltd.com
grobot@sfltd.com

Unless you opt out, you will continue to be represented by Class Counsel in connection with implementation of the Settlement at no cost to you. Although it is not required, you may, if you wish, retain your own attorney at your own expense.

How Will the Lawyers Be Paid?

Class Counsel have pursued these claims on behalf of the Named Plaintiffs and the Class without receiving any compensation for their services or reimbursement of the litigation expenses they incurred. If you are a Class Member and receive an award from the Settlement Fund, you will not owe any fees or expenses to the lawyers who have represented you as part of the Class. As is common in class action cases, Class Counsel will ask the Court to award them attorneys' fees of not more than 25% of the Settlement Fund, plus reimbursement of their reasonable litigation expenses. The Court will decide how much to award Class Counsel for fees and expenses, which

will be paid from the Settlement Fund.

11. Terms and Payments Specific to the Named Plaintiffs

Class Members have been represented in this litigation by Named Plaintiffs Carzanna Jones and Heynard Paz-Chow. The Named Plaintiffs may participate in the Settlement claims process just like any other Class Member. In addition, Class Counsel will ask the Court to grant service awards of \$50,000 for each of the Named Plaintiffs. Class Counsel will argue that these awards would recognize the benefits the Named Plaintiffs achieved for the Class, the risks they faced in bringing the case, and the time they spent pursuing the lawsuit and the Settlement for Class Members.

12. The Fairness Hearing

The Fairness Hearing on the Settlement will be held at _____ a.m./p.m. on _____, 2023, in the courtroom of the Honorable Beryl A. Howell at the United States District Court for the District of Columbia, 333 Constitution Avenue NW, Washington, DC 20001. At this hearing, the Court will determine whether the proposed Settlement is fair, reasonable, and adequate and whether it should be approved. The Court will also consider the amount of fees and expenses to award to Class Counsel, the amount of the service awards to grant to the Named Plaintiffs, and whether, in accordance with the Settlement, an order and judgment should be entered bringing the lawsuit to an end.

Do I Have to Come to the Fairness Hearing?

No. You are not required to come to the hearing, but you are welcome to come at your own expense. Class Counsel will appear at the Fairness Hearing on behalf of all Class Members at no cost to you. If you file and serve an objection by the deadline, you may but do not have to come to Court to talk about it. If you do not file and serve an objection by the deadline, you cannot object to the settlement at the Fairness Hearing. As long as you filed your written objection as explained above, the Court will consider it. You may also hire a lawyer to attend for you, but it is not required. If the Court gives final approval to this Settlement, the Court's judgment will be final and binding on all Class Members who have not timely opted out.

13. Getting More Information

If you have further questions, you can get free help at [*insert website url*], by calling the Claims Administrator at [*number*], or by calling or writing to Class Counsel in this case at the contact number/address listed in section 10.

This Notice contains only a summary of the terms of the Settlement. For further information, the complete terms of the Settlement Agreement, and numerous other documents connected with the Settlement, are available for review and/or download at [*insert website url*].

Again, the important deadlines are:

Last Day to Opt Out of the Settlement Class: [*45 days after mailing notice*]

Last Day to Object to the Settlement: [*45 days after mailing notice*]

Fairness Hearing: [*to be set by the Court*]

PLEASE DO NOT CALL OR CONTACT THE COURT, THE OFFICE OF THE CLERK OF COURT, OR THE CFPB WITH QUESTIONS REGARDING THIS NOTICE.

**Redacted Exhibit D to the
Settlement Agreement
(Unredacted Version Filed
Under Seal)**

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

CARZANNA JONES and HEYNARD L.
PAZ-CHOW, on behalf of themselves and
all others similarly situated,

Plaintiffs,

v.

ROHIT CHOPRA, in his official capacity as
Director, Consumer Financial Protection
Bureau, and CONSUMER FINANCIAL
PROTECTION BUREAU,

Defendants.

Civil Action No.: 18-2132 (BAH)

Judge Beryl A. Howell

Jury Trial Requested

CONFIDENTIAL EXHIBIT D TO THE SETTLEMENT AGREEMENT

Pursuant to Section IV.G.1 of the Settlement Agreement, the parties state and agree that should the number of Class Members who have duly requested exclusion from the Class in the manner provided in the Court's Preliminary Approval order [REDACTED]

[REDACTED], Defendants shall have the right, for thirty (30) days after the deadline for Class Members to opt out, to withdraw from and fully terminate this Settlement Agreement pursuant to Section IV.F.4 of the Settlement Agreement by providing written notice to Class Counsel and the Court.