

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

PLEASE READ THIS NOTICE CAREFULLY. YOUR LEGAL RIGHTS MAY BE AFFECTED.

A hybrid class and collective action settlement has been reached between the Parties in the above-entitled action and preliminarily approved by the Court as described below. You have received this notice because Douglas J. Institute, Inc.’s (“Douglas J”) records indicate that you may have been enrolled between 2012 and 2022 in a Douglas J cosmetology school in Michigan. During that time, you may have performed specific cleaning, laundry, restocking, and/or sales tasks for which you may be entitled to compensation under the Settlement.

This notice provides information on who is eligible to participate in the Settlement, how to participate in the Settlement, and how to preserve your legal rights.

1. WHY SHOULD I READ THIS NOTICE?

You should read this notice because you may be entitled to receive money from the Settlement if it is approved by the Court and your legal rights may be affected even if you do nothing. The Settlement and Release Agreement (“Settlement Agreement”) sets forth the details of the Settlement, which are summarized in this notice. You may obtain a copy of the Settlement Agreement from the Settlement website, www.CosmetologySchoolSettlement.com, or from the Settlement Administrator. The proposed Settlement Agreement has been submitted to the Court and has been preliminarily approved for settlement purposes. The Court appointed the law firms of Sugar Law Center for Economic & Social Justice and Goodman Hurwitz & James PC as “Class Counsel” to represent you and the Class.

As a member of Class, you are entitled to share in the funds available for Settlement in this class action. You are not being sued and you will not be individually responsible for any of the attorneys’ fees or expenses of the litigation, because the Settlement Agreement requires that those amounts to be paid as part of the Settlement. However, your rights will be affected, as described in this notice, whether you act or not.

2. WHAT IS THIS LAWSUIT ABOUT?

Plaintiffs Joy Eberline, Cindy Zimmermann, and Tracy Poxson (collectively “Plaintiffs”) filed a hybrid class and collective action complaint against Douglas J. Holdings, Inc., Douglas J. Institute, Inc., Douglas J. AIC, Inc., and Scott Weaver (the “Defendants”) on behalf of themselves and other similarly situated students who attended cosmetology schools run by Douglas J, which is now pending in the United States District Court for the Eastern District of Michigan before the Honorable Judith E. Levy, Case No. 5:14-cv-10887 (the “Litigation”).

In the Litigation, Plaintiffs alleged, among other claims, that they and other similarly situated students were employees for purposes of the Fair Labor Standards Act (“FLSA”) and state wage-and-hour laws when they were performing specific cleaning, laundry, restocking, and/or sales tasks during their time enrolled as students in Douglas J.’s student clinic, and thus claimed should be paid wages for the time spent performing these tasks. The Defendants deny all allegations of wrongdoing.

Rather than waiting for the Court to enter a final decision in favor of the Plaintiffs or Defendants, the Plaintiffs and Defendants have entered into a Settlement Agreement that will, if finally approved by the Court, fully resolve the claims alleged against Defendants in these cases. Before it will take effect, the Court must consider whether to finally approve the terms of the Settlement Agreement described below as fair and reasonable to the Class.

If approved by the Court, the Settlement will affect all Settlement Class Members who do not exclude themselves from the Settlement. The Settlement Administrator that has been appointed by the Court will make all approved payments after the Court orders them.

3. WHO IS INCLUDED IN THIS SETTLEMENT?

Any student who attended Douglas J.'s cosmetology programs in Michigan and participated in the Alpha, Beta, Gamma, and/or Salon Life courses in 2012 through 2022, and who does not opt out of the Class.

4. WHY IS THERE A SETTLEMENT?

The Court has not decided in favor of the Plaintiffs or the Defendants. Instead, both sides have agreed to the proposed Settlement. By agreeing to the proposed Settlement, they avoid the costs and uncertainty of a trial, and Class Members receive the benefits described in this notice. The proposed Settlement does not mean that any law was broken or that Defendants did anything wrong or that the Plaintiffs and the Class would or would not win their case if it were to go to trial. The Parties believe that the proposed Settlement is fair, reasonable, and adequate, and will provide substantial benefits to the Class.

5. WHAT CAN I GET FROM THE SETTLEMENT?

The Settlement provides for the Defendants to pay a Settlement Amount of \$2,800,000 in two installments \$1,400,000 each which is inclusive of all payments for Settlement Administration Costs, Class Counsel's fees and expenses, Service Awards to the Plaintiffs who brought the lawsuit, and claims as set forth in the Settlement Agreement.

Class Members who submit a valid Claim Form will be paid based on Qualifying Hours and Qualifying Time. The Settlement Administrator shall determine each Participating Class Member's Qualifying Hours and Qualifying Time based on information provided on the Claim Forms and verified in Douglas J's records.

Payments will be made from the net Settlement Amount, which is the amount remaining after subtracting the amounts to be paid for Settlement Administration Costs, Class Counsel's fees and expenses, and Service Awards to the Plaintiffs. These payments shall be made by the Settlement Administrator to each Participating Class Member in the amount of the product of the Hourly Rate multiplied by the Qualifying Time multiplied by two and then multiplied by 1 plus the Interest Rate.

Qualifying Time for Participating Class Members will be capped at no more than 10% of their Qualifying Enrollment. Depending on the number of claims received, and if there are not enough funds in the net Settlement Amount to pay the full claimed amounts, payments will be adjusted downward on a pro rata basis to pay valid claims. The Settlement Administrator shall disburse the funds to be paid as soon as practicable after receipt of the Second Installment Payment, anticipated to occur in October 2024.

6. WHAT DO I NEED TO DO TO GET PAID?

If you want to participate in the Settlement, you must file a Claim Form to get payment from the net Settlement Amount. If you are a Class Member, all you need to do is file a claim online or via mail. Any payment will be subject to applicable taxes. Your claim must be received or postmarked by **November 24, 2023**.

It is important to provide the Settlement Administrator with your correct mailing address and to inform the Settlement Administrator of any address change between the time that you complete the Claim Form and when checks are mailed.

For tax purposes, up to 49.5% of the amount received by each Participating Class Member will be treated as wages and reported by the Settlement Administrator on an IRS Form W2. The remainder of the amount received by each Participating Class Member will be liquidated damages (up to 49.5%) and interest (from 1% to 10%) and will be reported by the Settlement Administrator on an IRS Form 1099. The amount of each award treated as wages, liquidated damages, and interest will vary based on the year of attendance. The amount attributable to wages will be subject to all applicable taxes and other withholdings. For 1099 reported income, please consult your tax advisor.

You may file a claim with or without a social security or tax identification number. However, if a valid social security or tax identification number is not on file, payments will be net of an automatic backup withholding.

7. WHEN WILL I GET PAID?

If the Settlement is approved by the Court, payments are expected to be made to valid claims sometime after October 15, 2024.

8. WHAT IF I DO NOTHING?

If you do nothing, you will not receive payment from the Settlement. In addition, you will be bound by the terms of the Settlement Agreement. Specifically, unless you affirmatively exclude yourself from the Settlement, you will be bound by the terms of the release as described in the Settlement Agreement and therefore be barred from pursuing any of the Released Claims against Defendants in this lawsuit. **The Released Claims include claims that you may have against Defendants under the FLSA.**

9. WHAT IS OPTING-OUT OF THE SETTLEMENT AND HOW DO I DO IT?

If you do not wish to participate in the Settlement, you may exclude yourself (“opt out”) by submitting an Opt Out Form on the Settlement website www.CosmetologySchoolSettlement.com by 11:59 p.m. on **October 23, 2023**. You may also fill out and print the Opt Out Form on the Settlement website and mail it postmarked by **October 23, 2023**. The Opt Out Form must be completed, signed, dated, and mailed by the postmark date of no later than **October 23, 2023** to the Settlement Administrator at the following address:

Eberline v. Douglas J. Holdings - Opt Out Form
c/o Kroll Settlement Administration LLC
P.O. Box 225391
New York, NY 10150-5391

Any person who submits a timely Opt Out Form shall, upon receipt, no longer be a member of the Settlement Class, shall be barred from participating in or objecting to any portion of the Settlement, and shall receive no money from the Settlement; however, any such person, at his/her own expense, may pursue any claims he/she may have against Defendants. You cannot file a Claim Form if you choose to opt out of the Settlement.

10. HOW DO I COMMENT OR OBJECT TO THE SETTLEMENT?

If you are a Class Member and you wish to comment on or object to the Settlement, you may file a written objection to the Settlement with the Settlement Administrator postmarked no later than **October 23, 2023**. If you wish to submit an objection, it must be signed by you and state the following: (1) the case name and number; (2) your name; (3) your current address; (4) the last four digits of your Social Security Number; (5) the basis for your objection in detail; and (6) whether you intend to appear at the Final Fairness and Approval Hearing. For an objection to be timely, it must be completed, signed, dated, and mailed with a postmark date of no later than **October 23, 2023** to the Settlement Administrator at the following address:

Eberline v. Douglas J. Holdings - Objection to Settlement
c/o Kroll Settlement Administration LLC
P.O. Box 225391
New York, NY 10150-5391

Your objection cannot ask the Court to order a larger Settlement or make other changes to the Settlement Agreement. The Court can only approve or deny the Settlement Agreement at hand. If you choose to object to the Settlement, you will still be bound by the Settlement terms, you may appear at the Final Fairness and Approval Hearing personally or you may hire and pay for an attorney to represent you. If you object, you may still file a claim.

11. WHAT CLAIMS DO I RELEASE IF I PARTICIPATE IN THE SETTLEMENT?

In consideration of the payments to be received under the Settlement Agreement, all Settlement Class Members release Defendants, and each of their respective parents, subsidiaries, predecessors, successors, affiliates, and/or assigns, and any and all of its/their current and former owners, directors, officers, shareholders, members, managers, agents, representatives, and employees (collectively, the “Released Parties”), both jointly and individually, from any and all liability relating to all Released Claims. The Settlement Agreement’s release includes any and all claims under any federal, state and/or local statute, law and/or ordinance, including, without limitation, claims under and/or based on the FLSA, the Michigan Workforce Opportunity Wage Act, the Michigan Minimum Wage Law, and the Michigan Wage and Fringe Benefits Act; any contract or quasi-contract theory; any constitution or regulation; any common law theory; and/or any other claims that were or could have been asserted in this action, which the Parties agree was separately bargained for and is a material element of this Settlement of which the release and waiver in this paragraph is a part.

12. WHO ARE THE LAWYERS REPRESENTING ME?

The attorneys for Plaintiffs and the Settlement Class are John Philo of Sugar Law Center for Economic & Social Justice and Kathryn Bruner James of Goodman Hurwitz & James PC (“Class Counsel”). They may be reached at:

John Philo
(jphilo@sugarlaw.org)
Sugar Law Center for Economic & Social Justice
4605 Cass Avenue, 2nd Floor,
Detroit, Michigan 48201

Kathryn Bruner James
(kjames@goodmanhurwitz.com)
Goodman Hurwitz & James PC,
1394 E. Jefferson Avenue,
Detroit, Michigan 48207

You will not be charged for their services. Instead, Class Counsel will request to be compensated directly from the Settlement. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. HOW WILL THE LAWYERS BE PAID?

All payments for Class Counsel’s fee and expense award will be approved by the Court and deducted from the Settlement Amount. Class Counsel will apply to the Court for final approval of their attorney’s fees in an amount up to one third (1/3) of the Settlement Amount plus Class Counsel’s actual costs and expenses incurred in the litigation. The amount of fees and costs awarded will be determined by the Court and will be paid from the Gross Settlement Amount paid by Defendant.

Class Counsel will also ask the Court for a special service payment (or “Service Award”) of up to \$15,000.00 each for Plaintiffs Joy Eberline, Cindy Zimmermann, and Tracy Poxson, for their work on behalf of the Settlement Class. Any Service Award also must be approved by the Court.

14. FINAL SETTLEMENT APPROVAL HEARING.

The Eastern District of Michigan, Southern Division, will hold a hearing at 107 Federal Building, 200 E. Liberty Street, Ann Arbor, MI 48104 on December 19, 2023, at 2:00 p.m. to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve Class Counsel's request for attorneys' fees and reimbursement of costs and expenses and the Service Awards to be paid to Plaintiffs. The hearing may be continued without further notice to the Class. It is not necessary for you to appear at this hearing. You should check the Settlement website for updates.

15. ADDITIONAL INFORMATION.

The above is a summary of the basic terms of the Settlement. A complete copy of the Settlement Agreement may be obtained from Settlement website, **www.CosmetologySchoolSettlement.com**, the Settlement Administrator or Class Counsel. Further, documents filed in litigation, including documents related to Settlement approval may be found on the Court's website at <https://www.mied.uscourts.gov/>.

Additionally, you may obtain information concerning the Settlement, including deadlines and hearing dates pertaining to the Settlement, as well as contact information for answering questions, at **www.CosmetologySchoolSettlement.com**. The website includes links to documents related to the Settlement, including the fully executed Settlement Agreement, an online claim-filing portal to instantly file your Claim Form, the Notice of Settlement, and other Court orders related to the Settlement.

Please do not call the Court for information regarding this Settlement. All questions regarding the Settlement should be directed to Class Counsel or the Settlement Administrator.

Eberline et al. v. Douglas J. Holdings, Inc.
c/o Kroll Settlement Administration LLC
P.O. Box 225391
New York, NY 10150-5391