

IN RE: NJ PENN LOGISTICS, LLC.

STATE OF NEW JERSEY
DEPARTMENT OF LABOR AND
WORKFORCE DEVELOPMENT

AGENCY NO. GE-1475-1120-BON

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is hereby entered into between the New Jersey Department of Labor and Workforce Development, Division of Wage and Hour Compliance (“NJDOL”) and NJ Penn Logistics, LLC (“NJ Penn”), Carmine Castellano, and Raul Munoz, in their official and individual capacities, (collectively, the “Parties”), in which all Parties agree to be bound by the following terms and conditions:

WHEREAS, NJDOL administers and enforces, among other laws, the New Jersey Wage and Hour Law, N.J.S.A. 34:11-56a to -56a38, the New Jersey Wage Payment Law, N.J.S.A. 34:11-4.1 to -4.14, and the New Jersey Earned Sick Leave Law, N.J.S.A. 34:11D-1 to -11, and all respective implementing regulations (collectively, the “NJ Wage and Hour Laws”);

WHEREAS, NJ Penn specializes in wholesale distribution of newspapers and magazines to retail stores, newsstands, and other vendors; NJ Penn was formed in the State of New Jersey in 2019; and was and is headquartered in Norristown, Pennsylvania, during all relevant time periods;

WHEREAS, Liberty News Distributors, Inc. (“Liberty News”) was formed in 2006 by Carmine Castellano and Gary Giordano, since deceased, with each becoming 50% shareholders of Liberty News.

WHEREAS, in June 2019, Liberty News combined operations with C.H. News Inc., a separate wholesale newspaper distributor, wholly-owned by Raul Munoz, to form NJ Penn;

WHEREAS, as of June 2019, Liberty News was no longer an operating entity, and exists today as a 50% member of NJ Penn with C.H. News Inc., which is also a 50% member of NJ Penn;

WHEREAS, NJ Penn hired and remunerated certain individuals or entities to perform newspaper delivery, collection, and warehouse services on NJ Penn’s behalf (the “Workers”);

WHEREAS, NJDOL commenced an investigation of NJ Penn in or about June 2021 concerning NJ Penn’s compliance with the NJ Wage and Hour Laws from 2018 through 2022 (the “Investigation”);

WHEREAS, NJDOL determined that NJ Penn misclassified at least 105 Workers as independent contractors when such Workers were employees under the NJ Wage and Hour Laws, and that NJ Penn committed the following additional violations of New Jersey law:

1. Failing to pay wages due to employees, in violation of N.J.S.A. 34:11-4.2;
2. Withholding or diverting employee wages, in violation of N.J.S.A. 34:11-4.4;
3. Failing to maintain and provide records, in violation of N.J.S.A. 34:11-56a20;
4. Failing to provide employees earned sick leave, in violation of N.J.S.A. 34:11D-5;
5. Requesting job applicants' criminal history, in violation of N.J.S.A. 34:6B-11; and
6. Hindering the NJDOL in its investigation, in violation of N.J.S.A. 34:11-56a22;

WHEREAS, NJ Penn disputes and does not admit the findings and determinations of NJDOL;

WHEREAS, the Parties desire to settle all claims covered by the Investigation, in lieu of litigation; and

WHEREAS, the Parties individually and collectively acknowledge the existence of good and valuable consideration for this Agreement.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree as follows:

1. **Settlement Amount.** NJ Penn shall pay the total gross amount of \$296,188.52 to resolve, settle, close, and waive any and all claims and matters that NJDOL may have related to the NJ Wage and Hour Laws and the Investigation, as those terms are defined herein.
2. **Effective Date.** The Effective Date for this Agreement shall be the date that this Agreement is fully executed by all Parties.
3. **Payment Terms.** The settlement amount in paragraph 1 above shall be distributed and recorded as follows:
 - a. ***Distribution of Payment to the Workers.*** NJ Penn shall pay a total of \$182,188.52 to eligible Workers listed on Appendix A (referred to individually as an "Eligible Worker" and collectively as the "Eligible Workers") no later than February 1, 2025.
 - i. ***Enclosure.*** As specified by Appendix A, referenced and incorporated herein, NJ Penn shall issue to each respective Eligible Worker a pro rata portion, by check and/or direct deposit, made payable to the respective Eligible Worker, subject to N.J.S.A. 34:11-4.5. Payment shall be enclosed in an envelope that shall contain only, and in the following order: (a) the template cover letter in Appendix B, referenced and incorporated herein, (b) the checks, and (c) a copy of this Agreement (without appendices).
 - ii. ***Method of Delivery.*** NJ Penn shall make at least two attempts to issue payments to all Eligible Workers by certified mail, return receipt requested, hand delivery, or by direct deposit.

1. **Certified Mail.** If using certified mail, the first attempt shall be made to the respective Eligible Worker’s last known address. If such certified mail is returned undeliverable, then NJ Penn shall make a second attempt by attempting to determine the respective Eligible Worker’s mailing address by, including, but not limited to, calling the Eligible Worker at all phone numbers available to NJ Penn, and emailing the Eligible Worker at all known email addresses available to NJ Penn. If NJ Penn is able to identify an address for the Eligible Worker, it shall make a second attempt to deliver payment to the Eligible Worker by certified mail, return receipt request.
 2. **Hand Delivery.** If using hand delivery, the time, place, and recipient of hand deliveries shall be recorded in the Claims Ledger in accordance with the Paragraph 3(b).
 3. **Direct Deposit.** If using direct deposit, NJ Penn shall retain proof of deposit and make it available to the NJDOL upon request.
- b. **Records and Reporting.** NJ Penn shall maintain a Claims Ledger, that documents: (a) each Eligible Worker’s contact information and the contact attempts made by NJ Penn, in accordance with paragraph 3(a)(ii), (b) certified mail return receipts for each respective Eligible Worker; and (c) the payments made to and cashed by the Eligible Workers. Prior to May 1, 2025, or within 7 days after all issued checks to Eligible Workers have been cashed, whichever occurs sooner, NJ Penn shall produce the Claims Ledger to NJDOL.
 - c. **Undistributed Funds.** The term “Undistributed Funds” shall refer to any monies due under Paragraph 3(a) that are: (a) undeliverable by hand delivery, (b) undeliverable by certified mail, or (c) any check issued that remains uncashed following 60 days of the Eligible Worker’s receipt. NJ Penn shall notify NJDOL of the amount of Undistributed Funds prior to May 1, 2025, to the extent not already provided by the Claims Ledger. NJ Penn shall cancel all uncashed checks and make a payment to NJDOL in the amount of the Undistributed Funds prior to June 1, 2025.
 - d. **Distribution of Payment to NJDOL.** NJ Penn shall pay the total sum of \$114,000 to NJDOL in satisfaction of all alleged penalties, administrative fees, and costs due pursuant to this Agreement. This amount shall be paid in two separate and equal installments (\$57,000 per installment). The first installment shall be paid no later than April 1, 2025. The second installment shall be paid no later than October 1, 2025. Any and all payments due to NJDOL under this Agreement shall be issued by check made payable to “Commissioner, New Jersey Department of Labor and Workforce Development” and delivered to Director David Biglin, Division of Wage and Hour Compliance, P.O. Box 389, Trenton, New Jersey 08625-0389.
4. **Forward Compliance.** No later than April 1, 2025, NJ Penn shall treat all current and

future Workers, including all individuals and entities, as employees under the NJ Wage and Hour Laws, and under any other applicable state labor and employment laws including, but not limited to, the New Jersey Unemployment Compensation Law, N.J.S.A. 43:21-1 to -24.4 and the New Jersey Temporary Disability Benefits Law, N.J.S.A. 43:21-25 to -71.

5. **Reporting.** On a *monthly basis*, by the fifteenth day of each month, until all current Workers, including all individuals and entities, are converted to employees, NJ Penn shall provide to NJDOL a copy of the first paystub issued to any Worker, hired as, or converted to, an employee during the prior month, along with a list of all remaining Workers not yet classified as employees and or who are no longer with NJ Penn. On an *annual basis* for two years, on the first and second anniversary of the Effective Date, NJ Penn shall provide to NJDOL a list of all Workers, including all individuals and entities, who performed newspaper delivery, collection, and warehouse services for NJ Penn in New Jersey during the preceding twelve months, copies of all W-2s and 1099s issued to such Workers for the prior year, and a summary paystub for the prior year for each Worker.
6. **Breach.** NJ Penn agrees and understands that its failure to materially comply with any of the terms or provisions of this Agreement shall constitute a breach of this Agreement, which shall include any material misrepresentation or material omission with respect to any information provided to NJDOL in connection with the resolution of this matter.
7. **Cure Period.** If NJ Penn breaches any term of this Agreement, NJDOL shall issue a Notice of Noncompliance to NJ Penn in accordance with Section 14. NJ Penn shall cure such breach within fifteen (15) days of receiving such Notice of Noncompliance. However, if such breach cannot be cured within the fifteen (15) day period, NJ Penn shall submit a written request to NJDOL, in accordance with paragraph 15, before the end of the Cure Period, requesting an extension of a specific duration and explaining the reasons such extension is needed and warranted. Such extension may be approved, denied, or modified at the discretion of NJDOL, however such approval shall not be unreasonably withheld, delayed, or conditioned provided that NJ Penn is diligently proceeding in good faith to cure the breach.
8. **Penalty for Material Noncompliance.** If NJ Penn materially breaches Sections 3, 4, or 5 of this Agreement and fails to cure such breach within the Cure Period, then the total sum of \$557,882 will become immediately due and payable to NJDOL, minus any payment amount already made by NJ Penn.
9. **Certificate of Debt.** If NJ Penn fails to cure a material breach within the Cure Period, NJDOL reserves its right to file a Certificate of Debt for any balance due under the Agreement.
10. **Joint and Several Liability.** Carmine Castellano and Raul Munoz shall be jointly and severally liable for any unpaid balance of the payments required pursuant to this Agreement and shall be bound under this Agreement in their individual capacities. If either or both Carmine Castellano or Raul Munoz sell(s) their ownership interest(s) in NJ Penn, they may seek NJDOL's consent to modify this paragraph by striking their name(s) and adding the

name(s) of one or more individuals acquiring the company; such consent by NJDOL shall not be unreasonably withheld, delayed, or conditioned.

11. **Release.** In exchange for valuable consideration and compliance with the foregoing terms, NJDOL releases and forever discharges NJ Penn, Liberty News, C.H. News Inc., Carmine Castellano, Raul Munoz, and the Estate of Gary Giordano, and any current or former principals, owners, shareholders, members, partners, officers, directors, managers, executives, parents, predecessors, subsidiaries, successors, affiliates, divisions, employees, attorneys, agents, underwriters, insurers, co-insurers, re-insurers, assigns, representatives, heirs, executors, and administrators of the same (collectively “Releasees”) of all claims between the Parties related to the NJ Wage and Hour Laws and the violations referenced in the eighth Whereas clause of this Agreement (page 2) from January 1, 2018 through December 31, 2024 (the “Term”). NJ Penn acknowledges that NJDOL has a statutory obligation to investigate the NJ Wage and Hour Laws claims it receives notice of; however, for any complaint against NJ Penn, Carmine Castellano, Raul Munoz, the Estate of Gary Giordano, or the Releasees arising or occurring during the Term, NJDOL shall waive any additional penalties or other remedies it would be entitled to seek under the NJ Wage and Hour Laws on behalf of the State. The Parties agree and acknowledge that NJDOL does not waive remedies under any other statutes or regulations that NJDOL enforces. The Parties further agree and acknowledge that this Agreement also does not resolve or impair the right of any current or former Worker to file any complaint or private action against NJ Penn, and for such individuals to seek or obtain appropriate relief for violations of the NJ Wage and Hour Laws arising during the Term, including, but not limited to, proceeding before the New Jersey Wage Collection Division, pursuant to N.J.S.A. 34:11-56 to -67.2. Notwithstanding any other provision of this paragraph, claims by the Parties to enforce this Agreement, or related to a breach of the terms of this Agreement, are not released by this Agreement.
12. **Non-Admission of Liability.** Nothing in this Agreement shall constitute any admission on behalf of any of the Parties or Releasees of legal liability or of the accuracy of any allegation made by NJDOL.
13. **Agreement for Settlement Purposes Only.** This Agreement is entered into by the Parties for settlement purposes only. Neither the fact of this Agreement nor any provision contained herein shall constitute an approval, sanction, or authorization by any governmental unit of the State of New Jersey of any act or practice referenced herein.
14. **Notice to NJ Penn.** Any Notice of Noncompliance or other notice contemplated by this Agreement from NJDOL to NJ Penn shall be sent by email to [REDACTED] with a copy to [REDACTED]. This shall also constitute notice to Carmine Castellano and Raul Munoz.
15. **Submissions to NJDOL.** For any provision in this Agreement that requires NJ Penn to furnish any documentation to NJDOL, NJ Penn shall furnish such documents in electronic copy to Director David Biglin at David.Biglin@dol.nj.gov, or by hard copy to the Division of Wage and Hour Compliance, P.O. Box 389, Trenton, NJ 08625-0389. NJ Penn shall

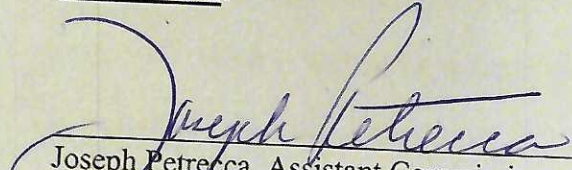
also copy Deputy Attorney General Nadya A. Comas, at Nadya.Comas@law.njoag.gov, on all such submissions.

16. **Governing Law.** This Agreement, and the enforcement thereof, shall be governed and interpreted in all respects in accordance with the laws of New Jersey, without regard to principles of conflicts of law.
17. **Modification.** This Agreement may only be amended or modified in writing executed by the Parties.
18. **Merger.** Once executed, this Agreement shall operate as a complete and final disposition of this matter and contains the entire agreement between the Parties, including all material terms, and is binding on the Parties. This Agreement sets forth all the promises, covenants, agreements, conditions, and understandings between the Parties, and it supersedes all prior and contemporaneous agreements, understandings, inducements, or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Agreement that are not fully expressed herein, incorporated by reference, or attached hereto. Each Party specifically warrants that this Agreement is executed without reliance upon any statement or representation by any other Party hereto, except as expressly stated herein, incorporated by reference, or attached hereto.
19. **No Waiver.** Failure by NJDOL to seek enforcement of any provision of this Agreement shall not be construed as a waiver of such provision, or a waiver of any other provision of this Agreement.
20. **Knowing and Voluntary.** This Agreement is entered into by all Parties freely and voluntarily and with full knowledge and understanding of the obligation and duties imposed by this Agreement.
21. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, predecessors, successors, and assigns.
22. **Severability.** If any clause, provision, or paragraph of this Agreement shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or paragraph of this Agreement and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, paragraph or other provision had not been contained therein.
23. **No Inference Against the Drafter.** No Party shall be considered the drafter of this Agreement, or of any of its provisions, for the purpose of any statute, caselaw, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement.
24. **Counterparts.** This Agreement may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document.

One or more counterparts of this Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

WHEREFORE, the Parties, intending to be bound by this Agreement, through their signatories below, certify that they are fully authorized to enter into this Agreement and execute this document on behalf of NJDOL, NJ Penn, Carmine Castellano, and Raul Munoz to bind NJDOL, NJ Penn, Carmine Castellano, and Raul Munoz to the terms and conditions of this Agreement.

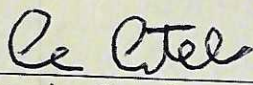
For NJDOL:



Joseph Petrecca, Assistant Commissioner
New Jersey Department of Labor and Workforce
Development, Division of Wage and Hour Compliance

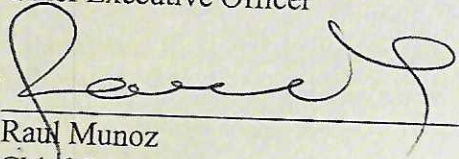
12/16/2024
Dated

For NJ Penn:



Carmine Castellano
Chief Executive Officer

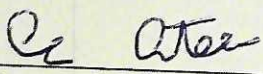
12/12/24
Dated



Raul Munoz
Chief Operating Officer

12/12/24
Dated

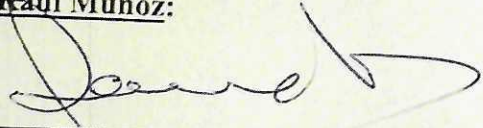
Carmine Castellano:



Carmine Castellano

12/12/24
Dated

Raul Munoz:



Raul Munoz

12/12/24
Dated