

# Exhibit 1

STATE OF MICHIGAN

COURT OF CLAIMS

GRANT BAUSERMAN and TEDDY BROE,  
individually and on behalf of a class of similarly-  
situated persons,

Plaintiff,

Case No. 2015-202-MM

HON. DOUGLAS B. SHAPIRO

v

MICHIGAN UNEMPLOYMENT INSURANCE  
AGENCY,

Defendant.

\_\_\_\_\_/

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**CLASS ACTION SETTLEMENT AGREEMENT**

**INTRODUCTION**

This Settlement Agreement (Agreement) is entered into between Plaintiffs Grant Bauserman and Teddy Broe (Plaintiffs or Class Representatives), on behalf of themselves and the

certified Class defined below and the Michigan Unemployment Insurance Agency and the State of Michigan (the Agency) (collectively, the Parties).

**RECITALS**

1. On September 9, 2015, Plaintiff Grant Bauserman filed this class action lawsuit on behalf of himself and other claimants who have applied for unemployment benefits and were erroneously determined by the Agency of securing benefits through fraud. Specifically, Plaintiff alleged that the Agency's use of a computer program known as the Michigan Integrated Data Automated System (MIDAS) violated his due process rights under Article 1, Section 17 of the Michigan Constitution because claimants were determined to have engaged in fraud based solely on a computer-based algorithm. The alleged due process violations included the failure of the Agency to provide claimants with specific notice of the fraud allegations, failure to afford claimants with an opportunity to present evidence rebutting the fraud allegation, and failure to have that evidence considered by Agency staff. Plaintiff further alleged that the Agency collected payments from claimants through garnishments, tax refund intercepts, elective payments, and other forms of collection based on the erroneous automated fraud determinations. Plaintiff sought declaratory and injunctive relief and money damages, which included economic and non-economic losses.

2. The Agency filed a motion to dismiss on October 5, 2015, raising several legal issues including failure to comply with the requirements of the Court of Claims Act, MCL 600.6431(3), failure to exhaust administrative remedies, and asserting that all claims for money damages are barred by governmental immunity. Thereafter, Plaintiff filed a

First Amended Complaint on October 19, 2015, adding Plaintiff Teddy Broe, and the Agency filed a supplemental motion to dismiss the amended complaint.

3. The parties engaged in limited discovery to allow the Plaintiffs to respond to the Agency's motion to dismiss and move for class certification. However, when the Court denied the Agency's motion to dismiss and the Agency appealed that denial, the Court held discovery and class certification in abeyance pending the outcome of the legal issues on appeal.

4. In February 2016, the State of Michigan Auditor reviewed the Agency's handling of claims using MIDAS and determined that an extraordinarily high number of fraud determinations were erroneous.

5. In August of 2017, the State of Michigan set aside \$21 million for refunds to claimants who were falsely accused of fraud and suffered economic losses because of the accusation. Full or partial refunds were issued to many claimants participating in the refund program.

6. Through this litigation, the Agency appealed two legal issues: application of the Court of Claims notice requirements under MCL 600.6431, and whether Plaintiffs had alleged a constitutional tort claim for which they were entitled to money damages as a remedy. In the first appeal, the Michigan Supreme Court issued a decision in 2019 holding that while the complaint was timely filed under the Court of Claims Act, only those individuals that had money taken by the Agency for the *first time* within six months of the filing of Plaintiffs' original complaint (on or after March 9, 2015) could maintain a claim against the Agency. *Bauserman et al v. Unemployment Agency*, 503 Mich 169 (2019) (*Bauserman I*).

7. In the second appeal, the Michigan Supreme Court issued a decision on July 26, 2022, holding that the Plaintiffs had properly alleged a constitutional tort claim entitling them to a damage remedy for a violation of their due process rights. *Bauserman et al v. Unemployment Agency*, \_\_\_Mich\_\_\_(2022), 2022 WL 2965921 (*Bauserman II*).

8. In July, 2021, while the litigation was pending before the Michigan Supreme Court, the Parties engaged the services of Megan P. Norris, an experienced and well-respected mediator. The Agency provided the Mediator with substantial information from its databases including the potential class members with timely claims, the amount of their losses, the manner in which the Agency collected payments from the identified class members, and the amount of Agency refund, if any. Class Counsel employed the services of expert economist and statistician, Dr. David Macpherson of Trinity University.

9. On September 27, 2022, Mediator Norris recommended to the Parties that payment by the State of Michigan of \$20 million represented a fair and reasonable resolution of this case and encouraged the Parties to accept her recommendation. The Parties accepted the Mediator's recommendation, and a term sheet was executed on September 27, 2022. The Parties have incorporated those terms into this Agreement.

10. During negotiations and since this litigation was filed, the Agency has asserted, and continues to assert, that it has substantial defenses to the allegations raised by, and claims brought by, Plaintiffs and the Class. The Agency denies all allegations and claims of wrongdoing or liability that were asserted, or could have been asserted, by Plaintiffs in the litigation. The Agency's decision to enter into this Agreement shall not be construed as any form of admission of liability. Rather, all liability is expressly disclaimed. Plaintiffs, for their part, dispute the validity of the Agency's defenses.

11. Notwithstanding their differing views on the merits of the various allegations, assertions, and claims in this litigation, and in measured consideration of the foregoing and as a consequence of the negotiations between the Parties through mediation efforts and of Class Counsel's investigation and analysis, the Parties agree to settle the litigation under the terms and conditions memorialized in this Agreement. Class Counsel and Plaintiffs believe such settlement is fair, reasonable, adequate, and in the best interest of the Class.

12. NOW THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, and other good and valuable consideration, it is hereby agreed, by and among the undersigned Parties, as follows:

**DEFINITIONS**

13. **Agency or Released Party** means the Michigan Unemployment Insurance Agency and the State of Michigan.

14. **Approval:** Wherever in this Agreement the Agency has been granted approval rights; the Agency will not be unreasonable in withholding its approval.

15. **Auto-Adjudication** means the initial automated Determination or Re-Determination generated by the Michigan Integrated Data Automated System ("MIDAS") from October 1, 2013 through August 31, 2015 where the initial determination or re-determination of intentional misrepresentation did not require staff participation.

16. **Claims Administrator** means the entity approved by the Court to establish a website to communicate with Claimants and to receive, review, and approve Claims pursuant to the Plan of Allocation.

17. **Class Counsel** means Michael L. Pitt, Jennifer L. Lord, Kevin M. Carlson, Beth M. Rivers, Bayan M. Jaber, and Pitt McGehee Palmer Bonanni & Rivers PC.

18. **Class List** means a list of all members of the Settlement Class and Potential Class Members along with all information necessary to calculate settlement amounts and send notice of the settlement compiled from a review of files maintained by the Agency. The Class List shall be compiled and produced as set forth in this paragraph.

For each individual in the Settlement Class, the Class List shall contain: 1) first, last, and middle name; 2) date of birth; 3) mailing address; 4) email address (if available); 5) verification that the initial determination of fraud was the result of an auto-adjudication; 6) the date and type of Collection; 7) the amount of the Collection; 8) the date and amount of any Refund; and any other field of information the Parties determine is necessary to effectuate the Class Settlement.

19. **Class Member** means an individual who received an initial Determination or Re-Determination of Intentional Misrepresentation issued by the Agency between October 1, 2013, and August 31, 2015, issued initially through the Agency's auto-adjudication process and suffered a first Collection on or after March 9, 2015, and who does not opt-out of the Settlement.

20. **Class Notice** means the notice approved by the Court that comports with MCR 3.501(C) (1-7).

21. **Class Representative** or named Plaintiffs mean Grant Bauserman and Teddy Broe.

22. **Collection** means a *first* economic loss experienced by a Class Member on or after March 9, 2015 because of 1) State of Michigan tax refund intercept; 2) elective

payment made by a Class Member; 3) Garnishment payment; 4) payments from the Interstate Reciprocal Overpayment Recovery Act (IRORA); 5) Recoupment Transfer Credit (meaning funds recouped from current benefit payments to offset prior overpayment debt); and 6) other economic losses experienced by a Class Member because of a State of Michigan seizure.

23. **Compensation Fund:** The Plan of Allocation will create a Compensation Fund from which Eligible Claimants may file Claims for compensation.

24. **Court** means the Michigan Court of Claims.

25. **Effective Date** of this Agreement means the first day after the first date on which all of the following have occurred:

- a. All Parties, Class Counsel, and Agency's counsel have executed this Agreement;
- b. The court has issued a preliminary approval order;
- c. Reasonable notice has been given to members of the Settlement Class, including providing them an opportunity to opt out of, or object to the settlement;
- d. The Court has entered a Final Judgment dismissing the class complaint with prejudice, approving the settlement, and ruling on Class Counsel's fee petition; and
- e. Only if there are written objections filed within the applicable time period and those objections are not later withdrawn, the last of the following events to occur:

- i. If no appeal is filed, then the date on which the objector's time to appeal the Final Judgment has expired with no appeal or any other judicial review having been taken or sought; or
- ii. If an appeal of the Final Judgment has been timely filed or other judicial review was taken or sought, the date that order is finally affirmed without modification by an appellate court with no possibility of subsequent appeal or other judicial review or the date the appeals or any other judicial review are finally dismissed with no possibility of subsequent appeal other judicial review.

It is the intention of the Parties that the settlement shall not become effective until the Court's Final Judgment has become completely final and until there is no timely recourse by an appellant or objector who seeks to contest the settlement.

26. **Eligible Claimant** means the Claimant is on the Class List or otherwise can demonstrate that they meet the definition of Class Member.

27. **Execution Date** means the date when all Parties have executed this Agreement.

28. **Final Approval Order or Final Judgment** means the Court's order granting final approval of this settlement.

29. **Gross Settlement Amount** means \$20,000,000.00, which shall be deposited into a Qualified Settlement Fund; this sum represents the total, complete, and final payment by the Agency in settlement of this Litigation.

30. **Litigation** means this lawsuit styled *Bauserman v Michigan Unemployment Insurance Agency*, Court of Claims Case No. 2015-202-MM, assigned to the Honorable Douglas B. Shapiro, Judge of the Court of Claims.

31. **Net Settlement Fund** means the amount available for distribution to Class Members computed by subtracting from the Gross Settlement Amount the following amounts, if approved: a) reasonable attorneys' fees; b) litigation costs and expenses to Class Counsel; c) the expenses of the Settlement Administrator, Notice Administrator, and QSF settlement administrator; and d) the Named Plaintiffs' Service Payment.

32. **Notice Administrator** means the entity approved by the Court to assist the Parties in developing the Class Notice and mailing and emailing Class Notices to known Class Members and developing methods of communicating to the public the existence of the Settlement. Upon receipt of an undeliverable notice sent by US mail or a bounced email, the Notice Administrator shall make reasonable efforts to deliver the notice to the Class Member.

33. **Opt-Out Deadline or Objection Deadline** means the date the Court establishes as the deadline by which members of the Settlement Class must mail and postmark a written notice of their intent to opt-out of the settlement and by which objections to the preliminarily approved settlement must be filed with the Court.

34. **Parties** means Plaintiffs and the Agency.

35. **Payment Date** means that within 30 days after the Effective Date of this Settlement, the Qualified Settlement Fund Administrator shall issue payments to Class Members who have received Final Award Notifications from the Claims Administrator.

36. **Preliminary Approval** means an order from the Court granting preliminary approval of this settlement such that notice can issue.

37. **Qualified Settlement Distribution Fund Administrator** means the administrator of a Qualified Settlement Fund (QSF) for federal tax purposes pursuant to Treas. Reg. § 1.468B-1 as established by Class Counsel and approved by the Court. The QSF Distribution Administrator is responsible for the escrowing of the Settlement funds prior to the Payment Date, issuing checks or making electronic funds transfer to Class Members based on Final Awards and the preparation and filing of all documents required by the Internal Revenue Service or its agreement with Class Counsel.

38. **Settlement Agreement** means this Agreement.

39. **Settlement Class Uniform Release:** The parties will agree on language of a Uniform Release which will be broad in scope and coverage, and which will require each Claimant to release all claims asserted or which could have been asserted arising out of the Agency's auto-adjudication of their claim for unemployment benefits from October 1, 2013 to August 31, 2015. The Uniform Release shall include a release of claims against the QSF Administrator.

#### **TERMS AND CONDITIONS OF THE SETTLEMENT**

40. **Payment by Agency:** In exchange for the release of claims described below, the Agency shall pay the Gross Settlement Amount of \$20,000,000.00, which shall be distributed as discussed herein. The Gross Settlement Amount shall be deposited into a QSF established by Class Counsel with Agency approval. The Agency shall provide to the QSF Administrator any documentation necessary to facilitate obtaining QSF status. There

shall be no reversion to the Agency from the Gross Settlement Amount under any circumstance

41. **Set aside for Administrative Costs:** Subject to the approval of the Court, Class Counsel may set aside from the Gross Settlement an amount not to exceed \$1,500,000 for Claims and Notice Administration. The Court will determine the reasonableness of the costs. Unused portions of this set aside shall be made available to the QSF Administrator to pay approved claims.

42. **Release of Claims:** The parties will agree on language of a Uniform Release which will be broad in coverage, and which will require each Claimant to release all claims asserted or which could have been asserted arising out of the Agency's auto- adjudication of their claim for unemployment benefits from October 1, 2013 to August 31, 2015. The QSF administrator shall not make a payment for distribution unless the Claimant has properly executed and delivered to the QSF Administrator the Uniform Release.

43. **Participation in the Compensation Fund:** Only Eligible Claimants will be permitted to participate in the Compensation Fund. Claimants may determine their eligibility (i.e., meets the Class member definition) by making an inquiry on-line or via telephone. If the Claimant is identified as being on the Class List, the Claimant will be deemed to be Eligible and will be provided the information from the Class List that pertains to that Claimant. The Plan of Allocation will include a procedure for Claimants who do not appear on the Class List but nonetheless contend that they meet the definition of Class Member.

44. **Plan of Allocation:** Class Counsel will be solely responsible for the development and implementation of a Compensation Fund created through the Plan of

Allocation for distribution of Settlement proceeds to eligible Class Members. The Agency shall approve the Plan of Allocation as part of the Preliminary Approval process.

45. **Payment into QSF and QSF Obligations:** In accordance with the terms of this Agreement, the Settlement Funds shall be deposited into the QSF and shall remain the property of the QSF. The Settlement Funds within the Qualified Settlement Fund will be held in a fiduciary capacity. The Qualified Settlement Fund shall comply with the Treasury Regulations Section 1.468B-1 et seq. regarding taxation and tax reporting obligations. The QSF shall be deemed to be in the custody of the Court. The QSF shall remain subject to the jurisdiction of the Court until such Settlement Funds are distributed in their entirety or upon further order of the Court. It shall be the responsibility of the QSF Administrator to cause the timely and proper preparation and delivery of the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur. The QSF Administrator may invest the escrowed settlement funds in United States Treasury Notes or Bonds redeemable in time to make payment within 30 days after the Effective Date of the Settlement. Net Interest, if any, earned in the QSF will become part of the Net Settlement Fund to be distributed to the Eligible Claimants. The Net Interest is the amount available for distribution after a reduction for the payment to the QSF Administrator portion of the interest per the QSF Administrator fee agreement. The Agency shall not have any responsibility, financial obligations, or liability whatsoever with respect to the investment, distribution, or use of the QSF.

46. **Claims Administrator Duties and Obligations:** The Claims Administrator shall carry out the responsibilities for the administration of the Compensation Fund and claim administration and review set forth in this Agreement as well as any

additional responsibilities, if any, set forth in any subsequent amendments to this Agreement. The Claims Administrator shall have the authority to determine Eligibility, perform all actions, to the extent not expressly prohibited by, or otherwise inconsistent with, any provision of this Agreement, deemed by the Claims Administrator to be reasonably necessary for the efficient and timely administration of this Agreement. For the avoidance of doubt, the Claims Administrator shall not serve as the QSF Administrator under the terms of the Qualified Settlement Fund Agreement. The Claims Administrator may create administrative procedures, supplementary to (and not inconsistent with) those specified herein or in the Plan of Allocation, that provide further specific details about how the Plan of Allocation is to be administered, including, but not limited to, procedures regarding submission of documents, procedures regarding execution and signature of documents, and procedures regarding determination of timeliness of submissions. The Agency will not be liable for any act, or failure to act, of the Claims Administrator. Any payment to the Claims Administrator for services will be approved by the Court.

47. **QSF Distribution Administrator Duties and Obligations:** The QSF Administrator shall be the “QSF Administrator” within the meaning of Treasury Regulation §1.468B-2(k)(3). The Parties shall cooperate in securing an order of the Court to establish the QSF in accordance with the terms hereof in conjunction with its preliminary approval of the Settlement and Notice as described in the Agreement. In addition to all of the Administrator’s other obligations under this Agreement, the QSF Distribution Administrator shall make all approved distributions to Eligible Class Members and Counsel as directed by the Trustee or the Court. The Distribution Administrator shall handle all federal and state tax matters related to the QSF. The Administrator shall cause a

Federal Employer Identification Number for the Trust to be obtained and shall cause the annual income tax returns to be filed based on a December 31 fiscal year end. The Administrator shall take all steps necessary to ensure that any tax obligations imposed upon the QSF are paid. To the extent necessary to satisfy this objective, the QSF is hereby authorized to, among other things, (i) communicate with the Internal Revenue Service and any state agency on behalf of the QSF, (ii) make payment of taxes on behalf of the QSF (which taxes will be paid out of the QSF assets), and (iii) file all applicable tax returns for the QSF. All ordinary and necessary expenses incurred in connection with the preparation of such tax returns shall be paid from the QSF.

48. **Named Plaintiffs Service Payment:** Class Counsel will petition the Court for payment of \$15,000.00 as the service payment to each Named Plaintiff, Grant Bauserman and Teddy Broe, in consideration for their service to the Class. This amount shall be in addition to the amount paid to Grant Bauserman and Teddy Broe from the Plan of Allocation.

49. **Attorneys' Fees and Costs:** Class Counsel may apply to the Court for an award of fees and costs to be paid solely from the Gross Settlement Amount. The application for attorneys' fees shall be in a sum not to exceed one-third of the Gross Settlement Amount. Costs (i.e., litigation expenses) shall be paid in addition to attorneys' fees in the amount in which they were or are incurred by Class Counsel and are approved for reimbursement by the Court. The Agency will not oppose the request for attorneys' fees and costs. The Agency shall have no obligation to pay any attorneys' fees or costs in addition to the payment of the Gross Settlement Amount. If approved by the Court,

attorneys' fees and costs will be paid to Class Counsel in one lump sum payment within 30 days of the Effective Date of this Agreement.

50. **Separate Common Fund and Attorney Fees Negotiations:** By signing this Agreement, the Parties warrant that, throughout mediation, they were negotiating the amount of a common fund and that any fees and costs to be paid from that fund to Class Counsel were not discussed until after the amount of the common fund (i.e., the Gross Settlement Amount) had been agreed upon. All amounts allocated as attorneys' fees and costs will be paid to Class Counsel by the QSF administrator from the escrowed Gross Settlement Amount.

51. **Cy Pres or Residual Funds:** Settlement Class Members shall have 120 days after their check is mailed to negotiate their check. After the 120-day check negotiation period expires, the amounts for Settlement Class Members who did not cash their check will be held by the Settlement Administrator. Within thirty (30) days, the Settlement Administrator shall deliver the sum of the uncashed checks to the Cy Pres or Residual Funds Recipient(s) approved by the Court in accordance with with Michigan law.

52. **Taxes:** The QSF Administrator, in consultation with the Parties, will determine if taxes should be withheld from Class Member payments. To the extent settlement payments trigger any employer-side payroll or other tax obligations, the Agency shall be solely responsible for those employer-side obligations to the extent described herein.

53. **Independent Tax Advice:** Each Settlement Class Member shall be obligated to obtain their own independent tax advice concerning the proper income reporting and tax obligations regarding payments that they receive pursuant to this

Agreement. Class Members shall further assume the responsibility of remitting to the Internal Revenue Service or any other relevant taxing authorities all amounts required by law to be paid out of any monies received under this Agreement, without any contribution from the Agency, Class Counsel, or the settlement fund maintained by the QSF Administrator.

54. **Access to Agency Records:** The Agency shall ensure that all information contained in the Class List is compiled based on information in its possession and provided to Class Counsel within 14 days of the execution of this Agreement. The Parties agree to use best efforts to ensure that all of the information described above is produced. The Agency will either provide Class Counsel and the Claims Administrator access to the Agency records pertaining to any Claimant or appoint a full-time Agency employee to serve as Settlement Liaison. To the greatest extent possible and when and if requested by Class Counsel or the Claims Administrator, the Settlement Liaison shall promptly provide the requested information and, upon request, provide hard-copies or screen shots to verify the information provided. The Parties agree that the Class List and other information about a Claimant shall be used for purposes of this litigation only and for no other purposes. Any information provided by the Agency for the purposes herein discussed shall be destroyed at the completion of this Settlement.

55. **Claw-Back Rights:** The QSF Administrator may invest the escrowed settlement funds in United States Treasury Notes or Bonds redeemable in time to make payment within 30 days after the Effective Date of the Settlement. In the event the Settlement is set aside by a final appellate court order, the QSF Administrator shall liquidate the Settlement Fund within 30 days of the final appellate court order and repay to

the Agency the amount in the fund minus all reasonable administrative costs already incurred.

56. **Notice of Proposed Settlement and Website:** Within 5 days of entry of the Order for Preliminary Approval, the Notice Administrator shall by US mail and electronic means issue a class notice of settlement approved by the Court that comports with MCR 3.501(C) (1-7). The Claims Administrator, in consultation with the Notice Administrator and Class Counsel, will establish a website that provides Class Members and members of public with information about the settlement, relevant and material court documents, and shall feature a means by which a Claimant can communicate with the Claims Administrator to verify Class Member status and other information necessary to pursue a claim. The Agency shall utilize appropriate systems to verify and update the addresses for each Class Member.

57. **Right to Opt-Out:** All members of the Settlement Class will have the right to be excluded from, *i.e.*, to “opt-out” of, the Settlement in accordance with MCR 3.501(C) (5)(b). The manner in which a Class Member may communicate their desire to opt-out will be determined by the Court. In no event shall members of the Settlement Class who purport to opt out of the Settlement as a group, aggregate, collective, or class involving more than one individual be considered a successful opt out. Any member of the Settlement Class who fails to timely and validly opt out of the Settlement under this Agreement shall be bound by the terms of this Settlement and the Final Judgment entered in this case.

If ten (10) percent of the Class Members opt-out of this settlement, the Agency may terminate this Agreement. The Agency has the option of terminating this Agreement within seven (7) days of receipt of timely opt-outs. Class Counsel is responsible for

providing to the Division Chief of the Labor Division, Unemployment Section, of the Department of Attorney General by email timely notice of opt-outs. In the event the opt-out threshold is met and the Agency chooses to terminate, this Agreement is null, void, and unenforceable and all monies shall be returned to the Michigan Department of Treasury.

58. **Objections:** Class Members may object to the Settlement in a manner established by the Court. Any Class Member who does not file an objection in the manner provided by the Court shall have waived their right to appeal any aspect of the Agreement or Final Judgment. Class Counsel and Agency agree that no payments or other consideration shall be provided to any objector or to counsel for any objector to the Settlement in connection with the objector withdrawing an objection, foregoing the right to appeal an objection, or withdrawing an appeal unless such payment is disclosed to and approved by the Court.

59. **Non-Participatory Class Members:** Individuals who meet the Class Member definition but fail to make a valid Claim against the Settlement Fund in accordance with the Plan of Allocation and who do not timely opt-out will be bound by the Final Judgment entered in this case.

60. **Class Definition and Certification:**

**Class Definition.** The parties stipulate to this Class Definition: “An individual who received an initial Determination or Re-Determination of Intentional Misrepresentation issued by the Agency between October 1, 2013, and August 31, 2015, issued initially through the Agency’s auto-adjudication process, who suffered a first Collection on or after March 9, 2015, and who does not opt-out of the Settlement.”

**Class Certification.** Solely for the purposes of this Settlement, the Parties stipulate and agree to certification of the claims asserted on behalf of the Class Members. As such, the Parties stipulate and agree that in order for this Settlement to occur, the Court must certify the Class as defined in this Agreement without modification. If the Court wishes to modify the class definition, this settlement is void. If the Settlement does not become effective, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall not be admissible or used in any way in connection with the question of whether the Court should certify any claims in a non-settlement context in this Class Action or in any other lawsuit or venue. If the Settlement does not become effective, the Agency reserves the right in further proceedings to contest any issues relating to class certification, liability, and damages. Class Counsel will be required to establish that all of the elements of Class Certification are present so that the Court may certify this Litigation as a Settlement Class. The Agency will join Class Counsel in requesting that a Settlement Class be certified by the Court.

61. **Settlement Class Uniform Release:** The Parties will agree on a Settlement Class Uniform Release as defined in this Agreement. No payment to a Class Member or Named Plaintiff will be made by the QSF Administrator without first receiving a properly executed Release from the Claimant entitled to the payment.

62. **No Admission of Liability:** The Agency's agreement to this Settlement is not, and should not be construed as, a direct or implied admission or acknowledgment of any wrongdoing, illegality, liability, or responsibility to any person or party for any conduct or omission, alleged or unalleged, whatsoever. The Agency enters into this Settlement for the purpose of elimination of ongoing contested legal proceedings, repose, savings of

expenses and resources, and for no other purposes.

63. **Timing of Motion for Preliminary Approval of Settlement:** The Court has directed Class Counsel to file their motion for Preliminary Approval of Settlement, Approval of Notice and Plan of Allocation, and Motion for Attorney Fees and Costs by December 5, 2022.

64. **Motion for Final Approval of Settlement and Fairness Hearing:** Plaintiffs shall move for final settlement approval no later than two weeks (14 days) following the issuance of last of the Final Notice of Awards. The Court, at the Fairness Hearing, may in its sole discretion, adjust any Final Award if the Claimant provides clear and convincing evidence that the Claims Administrator made an error in applying the Plan of Allocation criteria to the Claim.

65. **Jurisdiction:** The Parties shall request that the Court retain jurisdiction to enforce the Agreement.

66. **Settlement Contingent on Final Approval:** This Agreement shall terminate and be of no further force or effect without any further action by the Parties if (i) the Court determines not to grant preliminary or final approval of the Class Settlement; (ii) if the Court refuses to certify the class as defined without modification; and (iii) the Parties do not agree to any changes to the Class Settlement required by the Court for approval or are unable or do not agree to obtain reconsideration and reversal or appellate review and reversal of any adverse decision by the Court regarding the Settlement. However, the Parties agree to act in good faith to accept any non-material and procedural changes to this Settlement Agreement if so, required by the Court in connection with Preliminary or Final Approval of the Settlement. If settlement is rescinded, Class Counsel will return the Gross

Settlement Amount to the State of Michigan.

67. **Final Judgment:** A Final Judgment pursuant to MCR 3.501(D)(5) will be entered by the Court at the conclusion of the Fairness Hearing and upon exhaustion of any timely objector's appeals. The Judgment will bind all Class Members who have not filed an election to be excluded.

68. **Settlement Modification:** The Parties may agree by stipulation executed by counsel to modify any aspect of this Agreement or Motions and Brief submitted in support of the Class Settlement. Any stipulation modifying the Agreement must be filed with the Court and is subject to the Court's approval.

69. **Authority:** The signatories below represent they are fully authorized to enter into this Agreement and to bind the Parties.

70. **Best Reasonable Efforts and Mutual Full Cooperation:** The Parties agree to fully cooperate with one another to accomplish the terms of this Agreement, including but not limited to, executing such documents and taking such other actions as may be reasonably necessary to implement the terms of this Settlement. The Parties to this Agreement will use their best reasonable efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary or ordered by the Court, or otherwise, to effectuate this Agreement and the terms set forth in it and to the best of their ability make it possible for distributions from the Gross Settlement Amount to be made as early as possible under the terms of this Agreement.

71. **Entire Agreement:** This Agreement, together with any exhibits, constitutes the full and entire agreement among the Parties with regard to the subject matter and supersedes all prior representations, agreements, promises, or warranties, written, oral,

or otherwise. No party shall be liable or bound to any other party for any prior representation, agreement, promise, or warranty, oral or otherwise, except for those that are expressly set forth in or attached to this Agreement.

72. **Binding:** This Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

73. **Construction:** The Parties agree that the terms and conditions of this Agreement are the result of lengthy, arms-length negotiations between the Parties and that this Agreement will not be construed in favor of or against any party by reason of the extent to which any party or the party's counsel participated in the drafting of this Agreement.

74. **Construction of Captions and Interpretations:** Paragraph titles, captions, or headings in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or any provision in it. Each term of this Agreement is contractual and is not merely a recital.

75. **Agreement may be executed in one or more counterparts:** All executed counterparts and each of them shall be deemed to be one and the same Agreement. This Agreement may be executed by signature delivered by facsimile, PDF, text, or .jpg and need not be the original "ink" signature. A complete set of executed counterparts shall be filed with the Court. This Agreement shall become binding upon its execution by the Class Representative, the Agency's authorized representative, and counsel.

IN WITNESS WHEREOF the Parties and their counsel have caused this Settlement Agreement to be duly executed.

**Named Plaintiff and Class Counsel**

DocuSigned by:  
*Grant Bauserman*  
FD267EA2EA7B4E6...  
\_\_\_\_\_  
Grant Bauserman

Date: 11/14/2022

DocuSigned by:  
*Teddy Broe*  
FEDD7C7B70684E3...  
\_\_\_\_\_  
Teddy Broe

Date: 11/11/2022

*Michael L Pitt*  
\_\_\_\_\_  
Michael L. Pitt, Class Counsel

Date: 11/14/2022

*Jennifer L Lord*  
\_\_\_\_\_  
Jennifer L. Lord, Class Counsel

Date: 11/14/2022

*Kevin M. Carlson*  
\_\_\_\_\_  
Kevin M. Carlson, Class Counsel

Date: 11/14/2022

**Agency and Defense Counsel**

*Julia Dale*  
\_\_\_\_\_  
Unemployment Insurance Agency  
Julia Dale, Director

Date: 11/14/2022

*Debbie K. Taylor*  
\_\_\_\_\_  
Debbie K. Taylor, Attorney for Agency

Date: 11/14/2022

*Jason Hawkins*  
\_\_\_\_\_  
Jason Hawkins, Attorney for Agency

Date: 11/14/2022