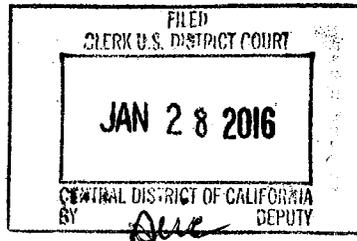


1 JANET M. HEROLD, Regional Solicitor  
 2 DANIELLE L. JABERG, Cal Bar No. 256653  
 3 Counsel for ERISA  
 4 ANDREW J. SCHULTZ, Cal Bar No. 237231  
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 6 Trial Attorneys  
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 10 San Francisco, CA 94103  
 11 Telephone: (415) 625-7745  
 12 Facsimile: (415) 625-7745  
 13 schultz.andrew@dol.gov



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14 Attorneys for THOMAS E. PEREZ, Secretary of Labor,  
 15 United States Department of Labor

11 UNITED STATES DISTRICT COURT  
 12 CENTRAL DISTRICT OF CALIFORNIA

14 THOMAS E. PEREZ,  
 15 Secretary of Labor,  
 16 United States Department of Labor,

Case No.: 2:15-cv-4050-SVW-AS

CONSENT JUDGMENT & ORDER

17 Plaintiff,

18 vs.

19 GRUBER SYSTEMS, INC., a California  
 20 corporation; GRUBER SYSTEMS, INC.  
 21 EMPLOYEE STOCK OWNERSHIP  
 22 PLAN, an employee benefit plan; and  
 23 JOHN HOSKINSON, an individual,

24 Defendants.

25 Plaintiff THOMAS E. PEREZ, Secretary of Labor, United States Department of  
 26 Labor ("Secretary") pursuant to his authority under §§ 502(a)(2) and (5) of the  
 27 Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1132(a)(2)  
 28

1 and (5), has filed a Complaint against Defendants GRUBER SYSTEMS, INC., JOHN  
2 HOSKINSON and the GRUBER SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP  
3 PLAN.

4 A. The parties admit that the Court has jurisdiction over this action pursuant to  
5 ERISA § 502(e)(1), 29 U.S.C. § 1132(e)(1), and that venue lies in the Central District of  
6 California pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2).

7 B. The parties agree to the entry of this Consent Judgment & Order ("Consent  
8 Judgment"). The parties further agree that this Consent Judgment shall fully settle all  
9 allegations and claims of the Secretary asserted in the Complaint, including the  
10 Secretary's claim for attorney's fees and costs.

11 **IT IS HEREBY ORDERED, ADJUDGED, and DECREED that:**

12 1. Judgment is hereby entered against Defendants GRUBER SYSTEMS, INC.  
13 ("Gruber"), and JOHN HOSKINSON ("Hoskinson") on the complaint in the amount of  
14 \$1,100,000.00 (the "Amount Due").

15 2. Within 30 ("thirty") calendar days from the entry of this Consent Judgment,  
16 Defendants Gruber and Hoskinson shall remit the Amount Due to the Gruber Systems,  
17 Inc. Employee Stock Ownership Plan ("ESOP").

18 3. Defendant Hoskinson is removed as a fiduciary of the ESOP.

19 4. Defendant Hoskinson is permanently enjoined and restrained from violating  
20 the provisions of Title I of ERISA, 29 U.S.C. §§ 1001-1191c.

21 5. Defendant Hoskinson is hereby permanently enjoined and restrained from  
22 future service as a fiduciary of, or service provider to, any ERISA-covered employee  
23 benefit plan.

24 6. The Amount Due shall be allocated to the ESOP participant accounts as  
25 identified on Exhibit A to this Consent Judgment.

26 7. Upon allocation of the Amount Due to the ESOP participant accounts,  
27 certain Gruber shares held in such accounts shall be cancelled as identified in Exhibit A  
28 to this Consent Judgment.

1           8.     Gruber President Jim Thiessen and Gruber Treasurer Diana Ariama  
2 (hereafter "Trustees") have been appointed by a subcommittee of the Gruber Systems,  
3 Inc. Board of Directors as Trustees of the ESOP. As soon as administratively  
4 practicable after the entry of the Consent Judgment, the Trustees shall provide for the  
5 orderly termination and liquidation of the ESOP, including making all distributions  
6 and/or rollovers to the participants and beneficiaries. All distributions and/or rollovers  
7 of the Amount Due to the participants and beneficiaries will occur no later than 60 days  
8 after the Amount Due is remitted to the Plan; Further, the Trustees:  
9           a. Will be responsible for collecting, marshaling, paying out, and  
10 administering ESOP assets, ensuring the Amount Due is applied to participant accounts  
11 as identified in **Exhibit A**, and taking further action with respect to the ESOP as  
12 appropriate, and terminating the ESOP when all of its assets are distributed to all of the  
13 eligible ESOP Participants identified in **Exhibit A**;  
14           b. Pursuant to the procedures outlined in the Employee Benefits Security  
15 Administration's Field Assistance Bulletin 2014-01, as may be amended, must exercise  
16 reasonable care and diligence to identify and locate each Eligible ESOP participant and  
17 beneficiary who is eligible to receive a distribution under the terms of the ESOP to the  
18 extent the ESOP has distributable assets;  
19           c. Have all the rights, duties, discretion and responsibilities of a trustee and,  
20 fiduciary under ERISA, including filing annual and/or final Forms 5500;  
21           d. Has the authority to delegate or assign fiduciary duties as appropriate  
22 and allowed under the law and may retain reasonable assistance as needed including  
23 attorneys, accountants, actuaries and other service providers;  
24           e. Shall have full access to all data, information and calculations in the  
25 ESOP's possession and under its control, including information and records maintained  
26 by the ESOP's custodial trustee or service provider;  
27           f. Shall have the authority to give instructions respecting the disposition of  
28 assets of the ESOP;

1 g. Shall comply with all applicable rules and laws.

2 9. The Trustees shall not be held liable for the acts and omissions of their  
3 predecessor Trustees.

4 10. Gruber shall bear all fees and costs necessary to terminate the ESOP.

5 11. The Secretary and Defendants shall each bear their own costs, expenses, and  
6 attorneys' fees incurred to date in connection with any stage of this proceeding,  
7 including but not limited to attorneys' fees which may be available under the Equal  
8 Access to Justice Act, as amended.

9 12. Defendants expressly waive any and all claims of any nature which they have  
10 or may have against the Secretary, the Department of Labor, or any of its officers,  
11 agents, attorneys, employees or representatives, arising out of or in connection with the  
12 allegations and claims contained in the Complaint on file in this action, any other  
13 proceedings or investigation incident thereto or based on the Equal Access to Justice  
14 Act, as amended.

15 13. Upon Defendants' restoration of the Amount Due in losses to the Plan, as  
16 outlined in Paragraph B, *supra*, Defendants Gruber and Hoskinson shall be assessed one  
17 penalty under ERISA § 502(l), 29 U.S.C. § 1132(l), in the amount of twenty (20) percent  
18 of the applicable recovery amount, or \$220,000.00 ("Penalty Amount"). Defendants  
19 Gruber and Hoskinson waive the notice of assessment and service requirement of 29  
20 C.F.R. § 2570.83 and, within thirty (30) days following the restoration of Plan losses  
21 outlined in Paragraph B, *supra*, Defendants Gruber and Hoskinson shall pay the Penalty  
22 Amount to the United States Department of Labor, by sending a certified or cashier's  
23 check payable to the United States Department of Labor (please write EBSA Case No.  
24 72-033955(48) on the check) to the following address:

25 U.S. Department of Labor  
26 ERISA Civil Penalty  
27 P.O. Box 71360  
28 Philadelphia, PA 19176-1360

1           14. If any Defendant submits a 502(l) penalty hardship waiver or reduction of  
2 civil penalty request, as described in 29 C.F.R. §§ 2570.83-2570.87, Defendant(s) shall  
3 submit such request for consideration to:

4           Crisanta Johnson  
5           Regional Director  
6           U.S. Department of Labor  
7           Employee Benefits Security Administration  
8           1055 East Colorado Blvd, Suite 200  
9           Pasadena, CA 91106-2341

10          15. Defendants will provide the Secretary with proof of the penalty payment  
11 outlined in Paragraph 12, *supra*, unless such penalty is waived, as well as proof of  
12 allocations, or distributions made, in the form of cancelled and/or cashed checks.  
13 Whenever a submission is provided to the Secretary, Defendants shall provide such  
14 submission within thirty (30) days of payment or allocation, to:

15          U.S. Department of Labor  
16          Employee Benefits Security Administration  
17          Attn: Regional Director  
18          1055 East Colorado Blvd, Suite 200  
19          Pasadena, CA 91106-2341

20          16. Nothing in this Consent Judgment is binding on any governmental agency  
21 other than the United States Department of Labor, Employee Benefits Security  
22 Administration.

23          17. This Court retains jurisdiction of this action for purposes of enforcing  
24 compliance with the terms of this Consent Judgment.

25 //  
26 //

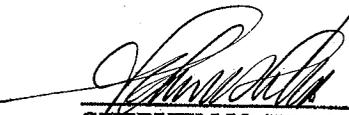
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18. By signing their names to this Consent Judgment, the parties represent that they are informed and understand the effect and purpose of this Consent Judgment.

IT IS SO ORDERED

1/28/16

  
STEPHEN V. WILSON  
UNITED STATES DISTRICT JUDGE

Consented to By:

Dated: January 27, 2016

M. PATRICIA SMITH  
Solicitor of Labor

JANET M. HEROLD  
Regional Solicitor

DANIELLE L. JABERG  
Counsel for ERISA

  
ANDREW J. SCHULTZ  
NIAMH E. DOHERTY  
Trial Attorneys

Attorneys for Plaintiff  
U.S. Department of Labor

Dated:

  
JOHN HOSKINSON, individually and  
~~On behalf of the Gruber Systems, Inc. Employee~~  
~~Stock Ownership Plan~~

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GRUBER SYSTEMS, INC.

By: Mark Ciccarini

Its: Attorney

1/27/16

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Dated: \_\_\_\_\_

By: \_\_\_\_\_

For: GRUBER SYSTEMS, INC.

Its: \_\_\_\_\_

Dated: JAN 27, 2016

By: [Signature]  
JIM THIESSEN

For: GRUBER SYSTEMS, INC.  
EMPLOYEE STOCK OWNERSHIP  
PLAN, an employee benefit plan

Its: PRESIDENT &  
CO-TRUSTEE

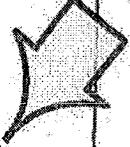
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[Signature]  
Diana ARIMA

SIGN  
& DATE



TREASURER &  
CO-TRUSTEE

## EXHIBIT A

Name	Amount Due	Shares to be cancelled
ABURTO,JUVENAL	\$552.08	383.3908
ABURTO,LADISLADO	\$8,515.08	229.6803
AGUILERA,CLAUDIA	\$131.69	0.0000
AGUILERA,ELIBORIO	\$577.44	400.9977
AGUILERA,MIGUEL	\$824.18	572.3439
ALCARAZ,JOSE G	\$579.93	0.0000
ALLSBROOKS,CHARLES D	\$15.30	0.0000
APARICIO,SERGIO	\$37.12	0.0000
ARIMA,DIANA	\$178.83	124.1862
AVILEZ,ROBERTO	\$485.37	0.0000
BAKER,MICHAEL A	\$105.10	0.0000
BALLESTEROS,ENRIQUE	\$36,327.63	0.0000
BALLESTEROS,JULIO	\$615.05	0.0000
BARRIENTOS,ANTONIO	\$2,288.87	0.0000
BOKOWSKI,MARC	\$6,453.22	0.0000
BOLANOS,MARIA	\$314.04	0.0000
BOOTH,MARK	\$1,148.82	0.0000
BROOKS,BOB	\$134.45	0.0000
BUCHANAN,CRAIG D	\$5,256.49	0.0000
BURKE,JON G	\$2,827.91	0.0000
CAMPOS,ABEL	\$543.56	0.0000
CAMPOS,EMILIO	\$200.30	139.0999
CANAAN,KIMBERLY	\$750.25	0.0000
CARNEY,DOUG A	\$62,411.92	38224.8096
CARTERA,RAFAEL	\$255.24	177.2470
CASTRO,WILLIAM A	\$169.56	0.0000
CATT,BONITA	\$919.31	0.0000
CEJA,FELIX L	\$591.47	0.0000
CLARK,EDWIN	\$3,280.67	0.0000
CLARK,STEVEN	\$87,766.89	15570.4714
CONSTANZA,OVIDIO	\$554.85	0.0000
CORDOVA,EDGAR	\$50.72	35.2244
CORTEZ,BALDEMAR G	\$1,064.29	0.0000
DEDIOS,ANGELICA	\$71.17	49.4226
DEDIOS,JORGE A	\$562.87	0.0000
DIAZ,JUAN D	\$9,652.87	0.0000
DIAZ,MOYSES	\$5,964.60	0.0000
DIAZ,PABLO	\$3,171.05	0.0000
DIAZ,RAFAEL	\$646.59	449.0233
DOROUGH,DAVID R	\$500.92	0.0000
DURAN,ALICIA	\$700.33	0.0000
DURAN,DAVID	\$940.38	0.0000

Name	Amount Due	Shares to be cancelled
EBERHARDT, ANDREA L	\$689.04	0.0000
ERAZO, FRANCISCO	\$165.97	115.2568
ESQUIVEL, EDWARD A	\$1,695.14	0.0000
ESTACIO, MYRNA	\$249.69	173.3950
ESTELA, MANUEL A	\$19.31	0.0000
FACUNDO, EVARISTO	\$365.48	0.0000
FACUNDO, RAQUEL	\$85.13	59.1175
FAIRCHILD, PATRCIA	\$421.50	292.7090
FLICK, DAVID J	\$21.82	0.0000
FOLGAR, CALISTRO	\$4,144.79	0.0000
GALINDO, NICOLAS	\$4,787.18	0.0000
GALLO, CINDY	\$156.02	108.3458
GARASI, LOUIS	\$50,196.84	34858.9152
GARASI, RITA	\$12,282.28	8529.3577
GARCIA, ARTURO	\$451.25	0.0000
GARCIA, LAURA	\$82.52	0.0000
GARCIA, RAFAEL	\$1,227.33	0.0000
GARCIA, ROBERTO	\$1,066.02	740.2886
GARCIA, ZENaida	\$935.11	0.0000
GARRISON, STEVE	\$4.77	0.0000
GIBLIN, MARTIN	\$1,190.96	0.0000
GONZALEZ, FRANCISCO	\$65.09	45.2030
GONZALEZ, GRACIELA	\$48.91	0.0000
GONZALEZ, HILARIO	\$65.27	45.3282
GONZALEZ, JOSE D	\$726.02	504.1810
GONZALEZ, JOSE L	\$818.72	0.0000
GONZALEZ, MARIO	\$4,555.41	0.0000
GONZALEZ, RAUL F	\$9,165.25	0.0000
GONZALEZ, YESENIA	\$17.81	0.0000
GROGAN, FAITH C	\$12,969.15	4748.2681
GROGAN, MICHAEL	\$13,797.16	6305.3053
GUILLEN, LUCILA	\$605.51	0.0000
GUILLEN, ROBERTO	\$17.56	0.0000
GURLEY, DONALD S	\$363.96	0.0000
HANDTKE, JON	\$195.65	0.0000
HARDEN RAYMOND	\$158.37	109.9825
HAYES, RONALD	\$53,276.62	36997.6527
HERNANDEZ, GABINO	\$2,365.12	0.0000
HERNANDEZ, MIGUEL	\$676.09	469.5088
HIBBS, TERESA	\$1,182.43	0.0000
HOLDER, BRIAN K	\$39.13	0.0000
HOSKINSON, JOHN	\$0.00	1636.1550
HUJAR, JOHN W W	\$886.20	0.0000
JONES, RICHARD C	\$10.54	0.0000

Name	Amount Due	Shares to be cancelled
KENNEDY, WILLIAM	\$7,693.85	0.0000
KING, DAVID	\$6,464.76	0.0000
KRAFT, MATT	\$1,279.51	0.0000
KUROSAKI, LARRY	\$87,766.89	9570.4755
LEE, MATTHEW	\$1,957.01	0.0000
LEITHNER, GLENN	\$275.04	191.0025
LEON, ANTONIO	\$5,951.05	0.0000
LEON, ENRIQUETA	\$1,092.13	0.0000
LEON, PEDRO R	\$14,495.48	8822.3921
LEYVA, REFUGIO	\$436.95	0.0000
LOOKINGBILL, MARK A	\$45.65	0.0000
LOPEZ, ERNESTO	\$595.48	0.0000
LOPEZ, JUAN	\$956.43	0.0000
LOPEZ, MARTIN G	\$2,295.89	0.0000
LOPEZ, MORENA	\$155.52	0.0000
LUNA, JUAN	\$2,434.10	0.0000
MARTINEZ, ISRAEL B	\$252.84	0.0000
MARTINEZ, ROSAURA	\$641.38	0.0000
MARTINEZ, RUBEN	\$2,370.14	0.0000
MATEOS, HUMBERTO	\$119.27	82.8275
MAY, ROBERT Z	\$370.98	0.0000
MCKINNIES, ANTHONY L	\$217.22	0.0000
MCQUEEN, DIANE K	\$29.35	0.0000
MEDINA, MARIA	\$414.13	0.0000
MEJIA, MIGUEL	\$421.68	292.8304
MENDEZ, RIGOBERTO	\$897.99	0.0000
MENDOZA, ARTURO	\$267.64	0.0000
MENDOZA, SUZANNE	\$110.54	76.7618
MENJIVAR, JOSE M	\$88.80	0.0000
MEREDITH, SEAN	\$43.65	0.0000
MILES, CHARLES C	\$18.31	0.0000
MILLER, STEVEN	\$393.35	273.1631
MITCHELL, RICK	\$85.79	0.0000
MOJICA, SUSANO V	\$895.48	0.0000
MONROY, JORGE D	\$4,712.93	0.0000
MONROY, LUIS R	\$13,008.28	0.0000
MONTERO, BENJAMIN	\$1,044.22	725.1553
MONTERO, JOSE	\$87,766.89	0.0000
MORAZZANO, ROGER	\$895.40	137.6681
MORON, TERESA	\$72.74	0.0000
MUNOZ, JOSE	\$10,641.41	6517.5209
MURO, MANUEL	\$758.52	0.0000
NORMAN, STEPHEN T	\$57.69	0.0000
OROSCO, BENITO L	\$11,313.65	0.0000

Name	Amount Due	Shares to be cancelled
OROSCO,SALVADOR	\$2,461.94	0.0000
OROZCO,JOSE G	\$20.07	0.0000
OSMONSON,KENNETH	\$977.39	678.7422
PALENCIA,AARON	\$7,157.06	0.0000
PALENCIA,JESUS E	\$339.68	217.8379
PALENCIA,JOEL S	\$11,156.87	5098.7067
PANIAGUA,CARLOS	\$44,293.89	4420.0882
PANIAGUA,JOSE L	\$49,837.58	0.0000
PANIAGUA,MANUEL B	\$63,825.63	0.0000
PAVARD,KATHLEEN	\$206.13	143.1429
PEACH,BRADLEY	\$461.42	320.4334
PEREZ,JAIME	\$648.16	0.0000
PULLEY,MATT	\$1,808.52	0.0000
RAMIREZ,PEDRO C C	\$7,274.71	295.6825
RAMOS,DAVID	\$386.03	0.0000
RAMOS,RITA E	\$379.01	0.0000
RAMOS-SOLIS,ELVIRA	\$506.94	0.0000
RANDALL,MONICA	\$176.10	122.2897
REED,BETTY P	\$60,486.01	6022.9325
REININGER,SHANNON	\$724.66	0.0000
REYES,LUIS A	\$1,398.90	0.0000
REYES,MARCELO V	\$34,226.14	0.0000
REYES,RUBEN	\$268.61	186.5343
ROCHA,RENE	\$24.58	0.0000
RODAS,FERNANDO	\$3,358.68	0.0000
RODRIGUEZ,REYNALDO	\$4,533.33	0.0000
ROGERS,CARLYLE W	\$91.05	0.0000
ROOSA,CAROL	\$1,123.99	0.0000
ROSALES,JUSTINO	\$2,470.97	0.0000
ROSALES,MANUEL	\$162.82	113.0705
ROSALES,PEDRO	\$2,663.86	29.7133
SANCHEZ,DANIEL I	\$68.98	0.0000
SANDE,GARY	\$269.96	187.4701
SANDOVAL,HECTOR	\$2,059.35	0.0000
SANTOS,JIM	\$342.14	0.0000
SCOTT,JOHN R	\$78.76	0.0000
SEBASTIAN,ERNESTO R R	\$8,926.70	313.7285
SERRATO,JOSE L	\$23,855.63	0.0000
SMITH,BRIAN	\$78.26	0.0000
SOLORIO,RODOLFO	\$1,479.17	0.0000
SOSA,JOSE A	\$128.68	0.0000
STABISEVSCHI,JULIA G	\$300.00	0.0000
SUAREZ JR,LOUIE	\$1,966.18	1365.4052
SUAREZ,FRANCISCO	\$3,794.63	0.0000

Name	Amount Due	Shares to be cancelled
SUAREZ,MARIA	\$836.53	0.0000
SUAREZ,SERGIO	\$1,240.13	0.0000
SURAEZ,DAVID	\$1,208.19	839.0222
TAPIA,AURELIO	\$1,704.92	0.0000
TAPIA,BALDEMAR	\$2,613.20	0.0000
TAPIA,GREG	\$15,218.64	203.6280
TAPIA,ISRAEL	\$378.37	262.7549
TAPIA,JAVIER	\$1,109.83	770.7173
TAPIA,JESUS	\$221.65	153.9208
TAPIA,JOSE D	\$5,522.12	0.0000
TAPIA,LUIS	\$6,011.00	0.0000
TAPIA,RAUL T	\$3,581.92	0.0000
TAPIA,SERGIO	\$593.80	412.3612
THIESSEN,JIM	\$499.38	346.7906
THOMAS,RAYMOND L	\$28.60	0.0000
THOMPSON,DWIGHT E	\$2,385.69	0.0000
TIMCHAK,JULIE	\$214.74	149.1228
TREJO,JORGE	\$128.93	0.0000
TREJO,VINCENTE	\$81.52	0.0000
VAN LEIR,JOYCE	\$2,515.12	0.0000
VASQUEZ,JOSE E	\$625.83	0.0000
VASQUEZ,KARLA	\$866.13	0.0000
VELASQUEZ,ALBERTO	\$750.25	0.0000
VIDAL,FROULAN	\$1,752.58	0.0000
VIEGAS,ROHIT B	\$262.37	0.0000
VLAHOVA,DANIELA	\$165.80	0.0000
WADSWORTH,RICHARD	\$200.02	138.9059
WARD,JOHN P	\$225.00	0.0000
ZAVALA,ANGEL	\$69.98	0.0000
	<u>\$1,100,000.00</u>	<u>201,577.6661</u>