

CONCILIATION AGREEMENT

Between

THE U.S. DEPARTMENT OF LABOR

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

and

ALSCO INC.

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs ("OFCCP") commenced a compliance evaluation of AlSCO, Inc.'s (f/k/a Palace Laundry) ("AlSCO") establishment located at 1701 S. Touchstone Road, South Chesterfield, Virginia on December 23, 2013 and found that AlSCO was not in compliance with Executive Order 11246, as amended ("E.O. 11246"), and its implementing regulations at 41 C.F.R. Sections 60-1 and 60-3. OFCCP notified AlSCO of the initial violations found and the corrective actions required in a Notice of Violation issued on December 16, 2014. In the interest of resolving the violations without engaging in further legal proceedings and in exchange for the good and valuable consideration described in this document, OFCCP and AlSCO enter this contract ("Conciliation Agreement" or "Agreement") and agree to all the terms stated below.

PART II. GENERAL TERMS AND CONDITIONS

1. In exchange for AlSCO's fulfillment of all obligations in Parts III and IV of this Agreement, OFCCP agrees not to institute administrative or judicial enforcement proceedings under E.O. 11246 based on the violations described in more detail in Part III below. However, OFCCP has the right to initiate legal proceedings to enforce the Agreement itself or to correct and obtain relief for the violations described in Part III if AlSCO violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigation.
2. AlSCO agrees that OFCCP may review its compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents. AlSCO will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents requested.
3. AlSCO understands that nothing in this Agreement relieves AlSCO of its obligation to fully comply with the requirements of E.O. 11246, Section 503 of the Rehabilitation Act of 1973, as amended ("Section 503"), the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. § 4212 ("VEVRAA"), their implementing regulations, and other applicable equal employment laws.

4. AlscO promises not to harass, intimidate, threaten, discriminate, or otherwise retaliate against any individual because the individual: benefits from this Agreement, files a complaint or participates in any investigation or proceeding under E.O. 11246, Section 503, and/or VEVRAA, or engages in any activity listed at 41 C.F.R. § 60-1.32(a).
5. The parties understand the terms of this Agreement and enter into it voluntarily.
6. This document and its attachments contain the complete and final understanding of the parties with respect to the matters referenced herein. This Agreement contains all terms by which the parties are bound and it supersedes all prior written or oral negotiations and agreements. There will be no modifications or amendments to this Agreement unless they are in writing, signed by all parties.
7. If one or more provisions of this Agreement are rendered unlawful or unenforceable, the remaining provisions will remain in full force and effect.
8. This Agreement becomes effective on the day it is signed by the Regional Director of the Mid-Atlantic Region (the "Effective Date") unless the Director of OFCCP indicates otherwise within 45 calendar days of the date the Regional Director signs the Agreement.
9. This Agreement will expire sixty (60) days after AlscO submits the final progress report required in Part IV, below, unless OFCCP notifies AlscO in writing prior to the expiration date that AlscO has not fulfilled all of its obligations under the Agreement, in which case, the Agreement is automatically extended until the date that OFCCP determines AlscO has met all of its obligations under the Agreement.
10. If AlscO violates this Conciliation Agreement,
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:
 - 1) If OFCCP believes that AlscO violated any term of the Agreement while it was in effect, OFCCP will send AlscO a written notice stating the alleged violations and summarizing any supporting evidence.
 - 2) AlscO will have 15 days from receipt of such notice to demonstrate in writing that it has not violated the Conciliation Agreement, unless such a delay would result in irreparable injury to the employment rights of affected employees or applicants.
 - 3) If AlscO is unable to demonstrate that it has not violated the Agreement, or if OFCCP alleges irreparable injury, enforcement proceedings may be initiated immediately without issuing a show cause notice or proceeding through any other requirement.
 - 4) OFCCP may seek enforcement of this Agreement itself and is not required to present proof of any underlying violations resolved by this Agreement.

- B. Also may be subject to the sanctions set forth in Section 209 of the Executive Order and/or other appropriate relief for violation of this Agreement.
11. This Agreement does not constitute an admission by AlSCO of any violation of E.O. 11246, Section 503, VEVRAA, or other laws, nor has there been an adjudicated finding that AlSCO violated any laws.

PART III. SPECIFIC PROVISIONS

1. **VIOLATION:** During the period of April 1, 2012 through December 31, 2013, AlSCO did not comply with the nondiscrimination requirement of the equal opportunity clause of Executive Order 11246, as amended, Section 202, and 41 CFR § 60-1.4(a)(1). OFCCP's analysis of AlSCO's hiring process and selection procedures revealed that AlSCO discriminated against African-American and multi-race applicants for Operative positions during this time period. Specifically, OFCCP found that there was a statistically significant disparity in the hiring of Operatives based on race. This resulted in a hiring shortfall of twenty-three (23) African-American applicants and one (1) applicant who self-identified as belonging to two or more racial categories. The selection disparities were statistically significant at (b) (7) (e) standard deviations respectively.

REMEDY: AlSCO must agree to cease and desist all selection procedures that resulted in the discrimination against African American and multi-race individuals who applied unsuccessfully for Operative positions identified in this Violation, as required by 41 CFR § 60-1.4(a)(1).

In addition, AlSCO must implement the following remedial make-whole actions for African American and multi-race applicants who were rejected for the Operative positions during the period of January 1, 2012 through June 30, 2013 ("African American Class Members" and/or "Multi-race Class Members") (Attachment A):

- A. **Notification:** Within forty-five (45) calendar days of the Effective Date of this Agreement, AlSCO will send to the last known address of each of the African American and Multi-race Class Members listed in Attachment A, by Certified Mail/Return Receipt Requested or other form indicating proof of delivery, the letter entitled "Notice to Class Members" ("Notice") (Attachment B) and the "Information Verification & Employment Interest Form" (Attachment C) (the Notice and Information Verification and Employment Interest Form are hereinafter referred to as the "Forms"), and a postage paid return envelope. To be eligible for a distribution of back pay and/or employment, and subject to the provisions regarding the Second Mailing, below, the African American and Multi-race Class Members must complete and return the Forms to AlSCO so that they are postmarked within 30 days of the date each African American and Multi-race Class Member received the Notice from AlSCO as evidenced by the return receipt.

Within thirty (30) days from the date that the time period for African American and multi-race Class Members to respond to the Notice has expired, AlSCO will provide

OFCCP-Richmond District Office, via electronic mail (“e-mail”), a list of the names of African American and Multi-race Class Members who did not return the Forms within the 30-day period and a copy of the proof of mailing receipt for each of them. OFCCP will have thirty (30) days from its receipt of such list to verify the current addresses for such African American and Multi-race Class Members who did not return the Forms. At or before the end of such 30-day period, OFCCP will send to AlSCO via e-mail, a list of the names and current addresses of such African American and Multi-race Class Members whose current addresses OFCCP was able to verify. For purposes of this Paragraph, the AlSCO contact will be Daniel Garrido, Corporate Affirmative Action Officer (dgarrido@alsco.com) and the OFCCP contact will be Dianna Adams, OFCCP Richmond Assistant District Director (adams.dianna@dol.gov). Within fifteen (15) days of its receipt of OFCCP’s list, AlSCO will send to each African American and Multi-race Class Member whose address OFCCP verified, by Certified Mail/Return Receipt Requested or other form indicating proof of delivery, a second Notice and a second set of Forms (“Second Mailing”). Each such African American and Multi-race Class Member will complete and return the Forms to AlSCO so that they are postmarked within thirty (30) days of the date each African American and Multi-race Class Member received the Forms from AlSCO as evidenced by the return receipt from the Second Mailing. Any African American and Multi-race Class Member who has not returned signed Forms within thirty (30) days of the African American and Multi-race Class Member’s receipt of the first Notice, or, as applicable, receipt of the second Notice from the Second Mailing, will no longer be entitled to any share of the monetary settlement or an offer of employment under the terms of this Agreement.

- B. **Offers of Employment:** As vacancies occur in the Operative job group, AlSCO will make job offers to all qualified African American and Multi-race Class Members who have completed and timely returned the Forms, have expressed interest in employment and are not then employed by AlSCO, until twenty-three (23) African Americans and one (1) Multi-race Class Members are hired or the list of such African American and Multi-race Class Members is exhausted, whichever comes first. Until such time, such African American and Multi-race Class Members will have priority over all other candidates for hire into the Operative job group. As vacancies occur in the Operative job group, such qualified African American and Multi-race Class Members will be contacted by AlSCO via certified mail with a written job offer in the order in which AlSCO received their completed Forms, or, if the Forms were received on the same day, in the order of their original application date.

The report-to-work date for African American and Multi-race Class Members shall be at least two weeks after the date of the written job offer. If the African American and Multi-race Class Members do not report to work on the day designated by AlSCO without providing AlSCO on or before that day notice of good cause for their absence (e.g., personal illness or care for an immediate family member), or if good cause is provided and the Class Member does not report to work within five (5) days of the original designated start date, AlSCO may withdraw the job offer and shall be under no

obligation to hire such Class Members under this Agreement. Documentation of all hiring decisions, including job offers made and reasons for rejection, will be available for review by OFCCP.

- C. Monetary Settlement. The monetary settlement of \$69,238.99 (\$65,434.86 in back pay and \$3,804.13 in interest) ("Settlement Amount") is a negotiated figure that represents back pay and interest for African American and Multi-race Class Member. Also agrees to disburse the African American and Multi-race Settlement Amount to all African American and Multi-race Class Members who complete and timely return the Forms to Also. Within fifteen (15) days of its receipt of the last executed Forms, including in response to the Second Mailing to African American and Multi-race Class Members, Also will mail a check constituting a pro-rata share of the Settlement Amount, less any taxes and withholding required by law, to each African American and Multi-race Class Member who completed and timely returned the Forms to Also. Such African American and Multi-race Class Member will receive a pro-rata share of the Settlement Amount whether or not they express interest in employment or accept a job offer under this Agreement. African American and Multi-race Class Members who receive a payment from Also will receive the appropriate IRS documents reflecting such payment.
- D. Hiring Selection Procedures and Training: Also agrees to cease and desist in the use of all selection procedures which resulted in the alleged discrimination of African American and Multi-race applicants for Operative positions. Also will also develop and implement a new applicant tracking system for all groups, which will include the tracking of the stages of the Operative selection process. Also will examine, monitor and modify its selection procedures as necessary to ensure that the selection criteria are applied uniformly, the hiring decisions for Operative positions are made in a non-discriminatory manner, and to ensure that all stages of its revised selection procedures are in compliance with 41 CFR § 60-1.4(a) and 41 CFR § 60-3, the *Uniform Guidelines on Employee Selection Procedures* ("UGESP"). In addition, within seventy-five (75) days from the effective date of this Agreement, Also shall conduct mandatory training for all human resources personnel, managers, and supervisors employed by Also during the life of this Agreement who are involved in the selection process for all positions including Operatives. Such training will cover recruitment and applicant tracking procedures; the neutral application of the specified qualifications and criteria that will be used at each step in the selection process; procedures to be used to document the decisions made at each step in the selection process; and procedures to be used to ensure that documents are retained in accordance with 41 CFR § 60-1.4(a)(1), § 60-1.12(a) and § 60-3. Such training will also cover subjects of equal employment opportunity rights and responsibilities, legal prohibitions against discrimination on the basis of sex, race, national origin, color, religion, disability and veteran status, and Also's commitment to diversity and non-discriminatory hiring.
2. VIOLATION: During the review period of April 1, 2012 to December 31, 2013, Also failed to preserve and maintain records for a period of not less than two years from the date of the making of the record or the personnel action involved, whichever occurs later, as required by

41 CFR § 60-1.12(a), and failed to maintain records necessary to evaluate its selection process and each individual component of the selection process for adverse impact as required by 41 CFR § 60-3.15(A)(2). Specifically, AlSCO failed to maintain copies of interview notes used to make selection decisions.

REMEDY: AlSCO must ensure that its records are collected and maintained in accordance with the requirements of 41 CFR § 60-1.12(a) and Part § 60-3. If adverse impact is identified in the total selection process, AlSCO must maintain information necessary to evaluate each individual component of the selection process for adverse impact. If adverse impact is found to exist in any of the individual components of the selection process, AlSCO must validate each such component in accordance with the *Uniform Guidelines on Employee Selection Procedures* or utilize selection procedures that do not result in adverse impact.

3. **VIOLATION:** During the period of April 1, 2012 to December 31, 2013, AlSCO failed to develop and implement an auditing system that periodically measures the effectiveness of its total affirmative action program, as required by 41 CFR § 60-2.17(d). Specifically, AlSCO failed to monitor records of all personnel activity, including referrals and placements at all levels to ensure the nondiscriminatory policy is carried out.

REMEDY: AlSCO must develop and implement an auditing system that periodically measures the effectiveness of its total affirmative action program. The actions listed below are key to a successful affirmative action program:

- 1) Monitor records of all personnel activity, including referrals, placements, transfers, promotions, terminations, and compensation, at all levels to ensure the nondiscriminatory policy is carried out;
- 2) Require internal reporting on a scheduled basis as to the degree to which equal employment opportunity and organizational objectives are attained;
- 3) Review report results with all levels of management; and
- 4) Advise top management of program effectiveness and submit recommendations to improve unsatisfactory performance.

PART IV. REPORTING REQUIREMENTS

AlSCO agrees to furnish OFCCP with three (3) progress reports. AlSCO will send each report to the following address:

U.S. Department of Labor
Office of Federal Contract Compliance Programs
Attention: George Rouse, III, District Director
400 North 8th Street, Suite 466
Richmond, Virginia 23219

The first report will be due seven (7) months after the effective date of this Agreement covering the period of January 1, 2015 through June 30, 2015 and will include:

1. Documentation of the monetary relief provided to all Class Members as specified in the Remedy to Violation 1 above. The documentation shall include copies of all signed "Information Verification & Employment Interest Form," and canceled checks disbursed by AlSCO to Class Members or other equivalent documentation verifying that all eligible Class Members were paid.
2. Documentation for all Class Members who were offered and/or hired into Job Group 7 Operative positions. The documentation will include copies of all written job offers extended to Class Members; a list of the names of hired Class Members; a list of the names of Class Members who were offered positions but declined the offer or did not appear for work in accordance with the provisions of this Agreement; and for each Class Member offered a position, the date of hire or decline of position, the rate of pay, and date of termination (if any) and reason.
3. Documentation that AlSCO provided training in equal employment opportunity and sensitivity training to its workforce, including all of its managers and supervisors who make personnel as required by Violation 1, of this Conciliation Agreement. This documentation will include, but not be limited to, the following: documentation showing who conducted the training; the training agenda; documentation of date(s) of training provided; and the managers, supervisors and employees in attendance.

The second report will be due on January 15, 2016 for the period covering the period of June 1, 2015 through December 31, 2015 and will include:

1. The documentation described above for Items 1 and 2 in the first progress report with respect to any additional Class Members for the Job Group 7 Operative positions receiving the Settlement Fund and offered or hired into a position pursuant to this Agreement.
2. An applicant flow log identifying all applicants for the Job Group 7 Operative positions during the reporting period specified above, including name; date of application; race and gender; veteran and individual with disability status; referral source; and date of hire, job title, and starting wage rate (if applicable). For all applicants not selected, identify the reason for non-selection.
3. A description of the ways AlSCO has revised its selection process for filling Job Group 7 Operative vacancies, including any revisions to its recruitment process, its prescreening of job applications, and interviews of applicants. Finally, describe the internal audit and reporting systems put into place for monitoring AlSCO's progress and program effectiveness.
4. Copies of the adverse impact determinations for the Job Group 7 Operative positions conducted during the reporting period specified above. If adverse impact (as that term is

defined and described in 41 CFR 60-3.4D) exists, AlSCO will provide the results of its review and/or examination of each individual component in the selection process for positions in the job group. Documentation will also include a detailed description of any actions taken by AlSCO to address the adverse impact found in its review.

5. AlSCO agrees to maintain copies of all interviews for individuals that apply for Job Group 7 Operative positions and provide copies if requested by OFCCP.
6. A summary of the results of AlSCO's in-depth analysis of its total employment process to determine whether and where impediments to equal employment opportunity exist.
7. AlSCO will revise their internal audit system to ensure periodic assessment of the effectiveness of its total affirmative action program and provide a narrative of the assessment.

The third report will be due January 15, 2017 covering the period of January 1, 2016 through December 31, 2016 and will include:

1. An applicant flow log identifying all applicants for the Job Group 7 Operative positions during the reporting period specified above, including name; date of application; race and gender; veteran and individual with disability status; referral source; and date of hire, job title, and starting wage rate (if applicable). For all applicants not selected, identify the reason for non-selection.
2. Copies of the adverse impact determinations for Job Group 7 Operative positions conducted during the reporting period specified above. If adverse impact (as that term is defined and described in 41 CFR § 60-3.4D) exists, AlSCO will provide the results of its review and/or examination of each individual component in the selection process for positions in the job group. Documentation will also include a detailed description of any actions taken by AlSCO to address the adverse impact found in its review.
3. A summary of the results of AlSCO's in-depth analysis of its total employment process to determine whether and where impediments to equal employment opportunity exist.
4. AlSCO will revise their internal audit system to ensure periodical assessment of the effectiveness of its total affirmative action program and provide a narrative of the assessment.

This Conciliation agreement will remain in full force and effect until sixty (60) days following AlSCO Inc.'s submission of the final report, or until such time as OFCCP has deemed that AlSCO has met all conditions of this Agreement. The date of signature by the OFCCP Regional Director will constitute the effective date of this Agreement.

PART V. SIGNATURES

This Conciliation Agreement is hereby executed by and between the U.S. Department of Labor, Office of Federal Contract Compliance Programs and AlSCO, Inc., 1701 S. Touchstone Road, S. Chesterfield, Virginia 23834

(b) (7) (c)

DANIEL GARRIDO
Corporate Affirmative Action Officer
AlSCO, Inc.
Salt Lake City, Utah 84102

Date: 12/24/2014

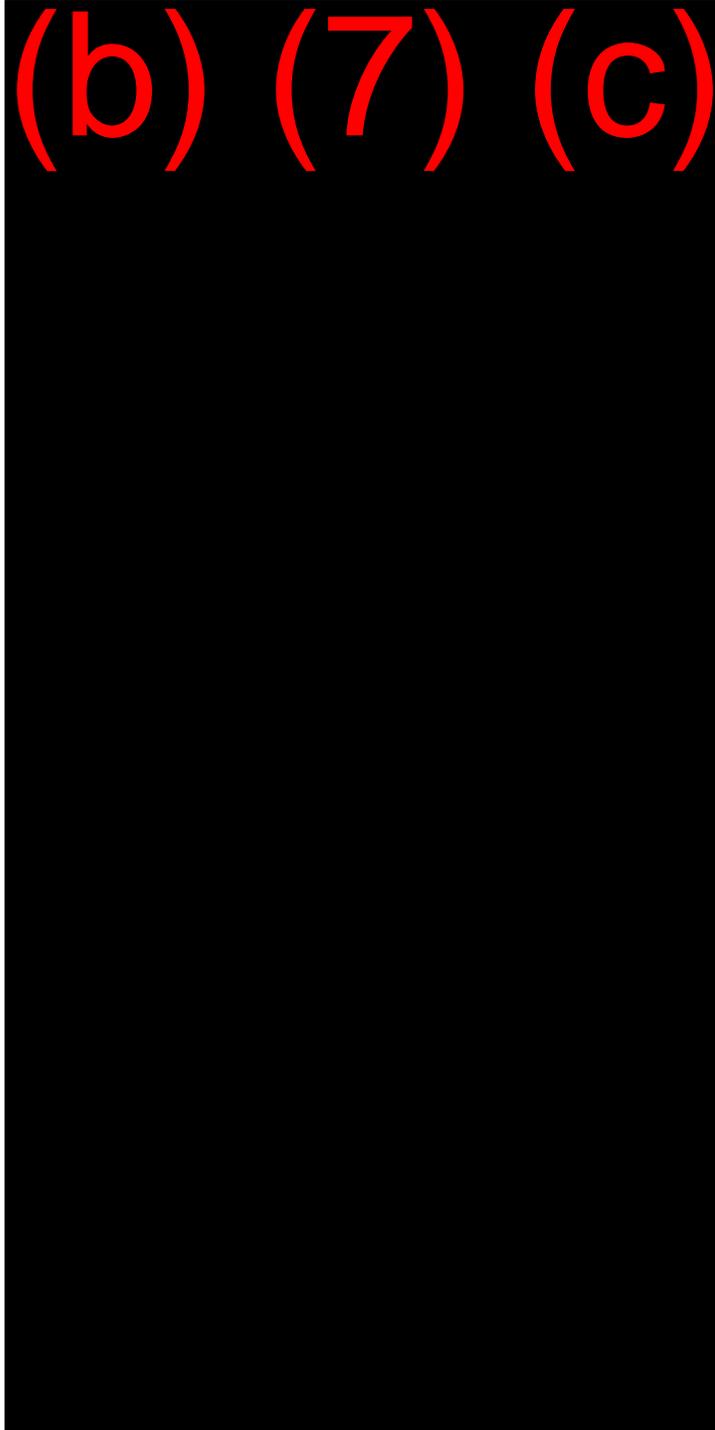
(b) (7) (c)

MICHELE HODGE
Regional Director
U.S. Department of Labor/OFCCP
Mid-Atlantic Regional Office
Philadelphia, PA 19106

Date: 12/29/2014

ATTACHMENT A

CLASS MEMBERS



(b) (7) (c)

ATTACHMENT B

NOTICE TO CLASS MEMBERS

Dear [NAME]:

AlSCO, Inc. ("AlSCO") and the Department of Labor's Office of Federal Contract Compliance Programs ("OFCCP") have entered into a Conciliation Agreement ("Agreement") to remedy the violations of Executive Order 11246, as amended ("E.O. 11246"), that OFCCP found during a compliance review of AlSCO's Chesterfield, Virginia facility. OFCCP's analysis of AlSCO's hiring process and selection procedures revealed that during the period of January 1, 2012, through June 30, 2013 ("review period") AlSCO discriminated against African American and multi-race applicants for the Operative positions. OFCCP found that there was a statistically significant disparity in the hiring of Operative jobs based on race. AlSCO has not admitted to any violation of E.O. 11246 and there has not been any adjudicated finding that AlSCO violated any laws. OFCCP and AlSCO entered into the Agreement to resolve the matter without resorting to further legal proceedings. You have been identified as an individual who applied for an Operative position during that time period, but was not hired.

As part of this Agreement, you are eligible to receive a distribution of at least \$ _____ less lawful payroll deductions. Under the terms of this Agreement it may take up to a number of months from the date of this letter before you receive your distribution. In order to be eligible for a payment, you must complete, sign, and return the enclosed Information Verification and Employment Interest Form. You should complete and mail back the form as soon as possible; it *must* be postmarked to the address below no later than 30 days after the date this Notice was mailed out (postmarked) for you to be entitled to participate in this settlement:

Mr. Daniel Garrido
Corporate Affirmative Action Officer
AlSCO, Inc.
505 East South Temple
Salt Lake City, Utah 84102

You may use the enclosed postage-paid return envelope to return the completed and signed Information Verification and Employment Interest Form.

In addition to the monetary distribution, AlSCO will be making job offers for Operative positions to a limited number of individuals receiving this notification. It is not certain that you will receive a job offer. If you are still interested in employment with AlSCO please check the appropriate box on the enclosed Information Verification and Employment Interest Form. Those receiving this notice will be considered for Operative positions in the order that AlSCO receives the Information Verification and Employment Interest Form expressing an interest in employment. If you have any questions you may call Daniel Garrido at AlSCO at 801-320-0134, or OFCCP Assistant District Director Dianna Adams at 804-888-6714. Your call will be returned as soon as possible.

IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENTS TO ALSCO, INC. WITHIN 30 DAYS OF THE DATE THE ENVELOPE CONTAINING THIS NOTICE WAS POSTMARKED, YOU WILL NOT BE ELIGIBLE TO RECEIVE A PAYMENT OR TO BE CONSIDERED FOR A JOB OFFER.

Sincerely,

DANIEL GARRIDO
Corporate Affirmative Action Officer

Enclosures

Information Verification and Employment Interest Form

ATTACHMENT C

INFORMATION VERIFICATION & EMPLOYMENT INTEREST FORM

You must complete this form in order to be eligible for the monetary payment and/or employment opportunities under the terms of the Conciliation Agreement ("Agreement") between AlSCO, Inc. and the Department of Labor's Office of Federal Contract Compliance Programs. Please print legibly, except for the signature.

Name:

Address:

Telephone Nos.: Home _____ Cell _____ Work _____

Notify AlSCO, Inc. at the address below if your address or phone number changes within the next twelve months.

Mr. Daniel Garrido
Corporate Affirmative Action Officer
AlSCO, Inc.
505 East South Temple
Salt Lake City, Utah 84102

Your Social Security Number (to be used for tax purposes only): _____ - _____ - _____

For purposes of this settlement, it is necessary to verify your race:

Caucasian African American Hispanic Asian two or More Native American

Please indicate below whether you are currently interested in employment in an Operative position with AlSCO, Inc. If you complete, sign, and return this Information Verification and Employment Interest Form, you remain eligible for the monetary payment whether or not you are interested in employment at this time.

- Yes, I am still interested in employment with AlSCO, Inc. as an Operative.
- No, I am not currently interested in employment with AlSCO, Inc. as an Operative.

IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENTS TO THE ADDRESS BELOW WITHIN _ DAYS OF THE DATE THE ENVELOPE CONTAINING THIS NOTICE WAS POSTMARKED, YOU WILL NOT BE ELIGIBLE TO RECEIVE A PAYMENT OR TO BE CONSIDERED FOR A JOB OFFER.

I, _____, certify the above is true and correct.

(print name)

Signature _____

Date _____