
In the matter of:

THE INVESTIGATION BY THE
ILLINOIS ATTORNEY GENERAL AND THE ILLINOIS DEPARTMENT OF LABOR

Of

HEARTHSIDE FOOD SOLUTIONS, LLC.

ASSURANCE OF VOLUNTARY COMPLIANCE

The OFFICE OF THE ILLINOIS ATTORNEY GENERAL (“OAG”), the ILLINOIS DEPARTMENT OF LABOR (“the “Department”) and HEARTHSIDE FOOD SOLUTIONS, LLC (“Hearthside”) hereby stipulate and agree to this Assurance of Voluntary Compliance (“Assurance”) to resolve the Department and the OAG’s investigation into Hearthside’s compliance with the Child Labor Law, 820 ILCS 205/1 *et seq.* and the Child Labor Law of 2024, 820 ILCS 206/1 *et seq.* (collectively the “Child Labor Laws”)

I. PARTIES

1. The State of Illinois, through the Illinois Department of Labor and Attorney General Kwame Raoul, is specifically authorized to enforce the Child Labor Laws. 820 ILCS 205/17, 15 ILCS 205/6.3(b).

2. Hearthside is a limited liability company incorporated under Delaware law. Its registered agent in Illinois is LegalInc Corporate Services, Inc. 500 N. Michigan Ave. Suite 536 Chicago, Illinois.

3. The OAG, the Department, and Hearthside are collectively referred to as the “Parties” to this Assurance.

II. DEFINITIONS

4. “Administrator” refers to claims administrator selected by the OAG and the Department to administer the issuance of Settlement Payment for Claimants pursuant to this Assurance.

5. “Assurance of Voluntary Compliance” and “Assurance” refer to this Assurance of Voluntary Compliance agreed by the Parties.

6. “Defendant” refers to Hearthside.

7. “Minor” means any individual under 16 years of age.

8. “Settlement Amount” refers to the total funds to be paid by Defendant under the Assurance, namely \$4,500,000.

9. “Staffing Agency” means any person or entity engaged in the business of employing day or temporary laborers to provide services, for a fee, to or for any Third Party Client pursuant to a contract with the day and temporary labor service agency and the Third Party Client, as defined by the Illinois Day and Temporary Labor Services Act, 820 ILCS 175/5;

10. “Temporary Employee” means any individual assigned to perform work at a Hearthside facility in Illinois by a Staffing Agency.

11. “Direct-Hire Employee” means any employee of Hearthside in Illinois not assigned through a Staffing Agency.

12. “The Department” means the Illinois Department of Labor.

13. “Fund” refers to the Illinois Department of Labor’s Child Labor and Day and Temporary Labor Services Enforcement Fund, a special fund of the Illinois State treasury.

14. “Potential Claimant” refers to an individual who purports to have worked at a Hearthside facility in Illinois when they were under the age of 16 at any point between March 1, 2020 and the execution of this Assurance.

15. “Claimant” refers to an individual who has provided proof to the Administrator that they worked at a Hearthside facility in Illinois while under the age of 16 between March 1, 2020 and the execution of the Assurance.

16. “Settlement Payment” refers to a payment made to an individual Claimant. Settlement Payments shall be made pursuant to the formula set forth in Paragraph 56.

17. “Bankruptcy Court” refers to the United States Bankruptcy Court Southern District of Texas, Houston Division, presiding over *In Re H-Food Holdings, LLC*, Case No. 24-90586.

III. INVESTIGATION

18. The OAG and the Department conducted an investigation into alleged violations of the Child Labor Laws by Hearthside. This investigation covered the period between March 1, 2020 and the present. The Parties have reached a settlement of this matter, having given due consideration as to the risks, potential damages, costs, time, and resources, the claims and defenses asserted, and the relative strengths in the claims and defenses. The Parties believe the terms of the settlement are fair and reasonable.

IV. NON-ADMISSION

19. Hearthside is entering into this Assurance for the sole purpose of bringing this matter to an efficient resolution and avoiding the costs, resources, and time associated with further litigation. Nothing contained herein shall constitute or may be construed as an admission, concern, or concession as to liability, wrongdoing, or any violation of law.

20. Hearthside denies any liability and wrongdoing. Hearthside specifically denies violation of the Child Labor Laws.

V. SCOPE AND DURATION

21. This Assurance will become effective as of the date of signature by Hearthside, the OAG, and the Department and upon approval by the Bankruptcy Court (the “Effective Date”).

22. This Assurance requires approval by the Bankruptcy Court, it must be submitted for approval as soon as possible after it is signed by the Parties. If this Assurance has not been submitted to the Bankruptcy Court for approval within three business days after it is signed by the Parties, it shall not be binding on the Parties.

23. This Assurance, including all obligations contained herein, will remain in effect for two years from the Effective Date, referred to as the “Term.”

24. This Assurance shall be binding upon Hearthside and its present and future directors, officers, future managers, agents, successors, and assigns. Should any organization or person propose to merge with or acquire Hearthside, or acquire a majority or all of the stock or substantially all the assets of Hearthside, or all of its assets in Illinois, during the Term, Hearthside shall provide a copy of this Assurance to such organization prior to the effectiveness of any such merger or acquisition.

VI. RELEASE

25. In consideration of the Settlement Amount and Hearthside’s other obligations under this Assurance, Hearthside and its current and former equity holders, parents, subsidiaries, successors, and affiliates and their officers, members of any governing body, employees, and agents, are hereby released and discharged from all claims for violations of the Child Labor Laws

during the time period beginning on March 1, 2020 and ending on the execution of this Assurance. The OAG and the Department are entering into this Assurance and granting this release pursuant to their authority under 820 ILCS 205/17, and 15 ILCS 205/6.3(b), respectively. This release shall include, but is not limited to, any action for penalties due under Section 17.3 of the Child Labor Law and Section 75 of the Child Labor Law of 2024 arising from the alleged violations of the Child Labor Laws as well as any claim for costs incurred by the OAG and the Department in their investigation.

26. The State of Illinois shall not be entitled to recover any amount beyond the Settlement Amount from Hearthside and its current and former equity holders, parents, subsidiaries, successors, and affiliates and their officers, members of any governing body, employees, and agents based on the claims addressed by the investigation and set forth in this Assurance. The release provided in the preceding Paragraph 25 is binding upon the State including any of its officers and agencies.

27. Nothing shall preclude the OAG and the Department from taking legal action to enforce the terms of this Assurance, bringing a separate action related to violations outside the scope of conduct covered by this Assurance, or referring complaints or allegations of non-compliance with other applicable state laws outside the scope of this Assurance to appropriate state or federal agencies.

VII. ENFORCEMENT

28. If the OAG or the Department believe that Hearthside has not fulfilled their obligations under the Assurance, either may bring an action to enforce the terms of the Assurance

29. Prior to bringing an action to enforce any provision of the Assurance, the OAG or Department will notify Hearthside in writing of the provision(s) they believe Hearthside has violated and give Hearthside 30 calendar days from the receipt of the notification to remedy the noncompliance to the OAG's and the Department's satisfaction. If no agreement is reached by the end of the 30-day period, the OAG may bring an action to enforce the Assurance.

30. The OAG may seek all appropriate relief through an action to enforce the Assurance, including but not limited to a judgment for any outstanding monetary payments, an injunction directing compliance with the requirements of the Assurance, and attorneys' fees and costs expended in enforcing the Assurance.

31. The Parties agree that any action brought to enforce the terms of the Assurance shall be filed in the Circuit Court of Cook County.

VIII. INJUNCTIVE TERMS

(A) General Provisions

32. Hearthside and its successors, and assigns are enjoined from violating any of the provisions of the Child Labor Laws. Such violations include, but are not limited to: permitting any Minor to work in any hazardous environment, including in any factory work; in meatpacking or canning; in the maintenance of machinery; or in any occupation involving exposure to substances that are known or suspected to be dangerous to humans; permitting Minors to work outside of allowable work hours; and permitting Minors to work without proper certificates and without maintaining proper records.

(B) Non-Retaliation

33. During the Term, Hearthside agrees not to take any adverse employment action against any individual because that individual:

- a. Is currently older than 16 and previously worked at a Hearthside facility in Illinois while a Minor;
- b. Is related to or otherwise associated with an individual who worked or is working at a Hearthside facility in Illinois while a Minor;
- c. Makes a complaint regarding the presence of Minors at a Hearthside facility in Illinois, including through the Complaint Hotline described herein.

34. Nothing in this Assurance prohibits Hearthside from taking adverse action at the express and specific direction or request of the federal government.

(C) Complaint Hotline, Policies, and Training

35. During the Term, Hearthside will establish and maintain a Complaint Hotline (“Hotline”) and a Complaint Email Inbox (“Inbox”) for Direct-Hire Employees and Temporary Employees to report any alleged incidents of Minors working at a Hearthside facility in Illinois within 30 days of the Effective Date. Hearthside will assign staff to monitor both the Hotline and the Inbox. Hearthside shall make each available for anonymous use by any Direct-Hire Employees and Temporary Employees working at any Hearthside facility in Illinois.

36. During the Term, Hearthside will investigate in good faith any complaints of child labor made to the Hotline or Inbox in order to determine whether any violations of the Child Labor Law have occurred. If such violations are discovered, then Hearthside will take immediate action to ensure they are rectified.

37. During the Term, Hearthside will post the agreed Notice attached as Appendix A, which shall be provided in English and Spanish on all bulletin boards, places where notices are customarily posted within its facilities, and any other places that the OAG deems appropriate within 30 days of the Effective Date.

38. During the Term, Hearthside will designate an employee or group of employees with knowledge of federal and state child labor laws who will:

- a. Review the United States Department of Labor Wage and Hour Division's Youth Employment Compliance Assistance Toolkit¹ and the Illinois Department of Labor resources on child labor,² as well as other resources applicable to child labor issues, to determine if such materials should be used in the training of Hearthside's managers.
- b. Review Hearthside's existing policies and procedures relating to compliance with Child Labor Law and make recommendations, if any, for improvements of the same.
- c. Provide child labor compliance training to all management personnel at Hearthside's Illinois facilities. Any new managers hired during the Term at an Illinois facility shall receive child labor compliance training as part of their onboarding process.
- d. Monitor the Hotline and the Inbox as described in Paragraph 35.

¹ Available at: <https://www.dol.gov/agencies/whd/compliance-assistance/toolkits/youth-employment>

² Available at: <https://labor.illinois.gov/laws-rules/fls/child-labor-law.html>

39. Hearthside will aggregate and report to the OAG and the Department at the end of every four-month period during the Term all calls received through the Hotline alleging child labor at Hearthside's Illinois facilities, and all investigations, recommendations, and actions taken by Hearthside in response to each complaint. During the Term, the OAG and the Department may request, and Hearthside shall provide upon request, all non-privileged documents related to the investigation of complaints made through the Hotline alleging child labor at Hearthside's Illinois facilities along with contact information for any individuals who have information relating to these complaints. To the extent Hearthside withholds any documents on a claim of privilege, Hearthside will provide a privilege log when requested to do so.

40. As deemed appropriate under the circumstances, Hearthside shall impose appropriate remedial measures, such as additional training, warnings, termination, and/or suspension, if it determines a child labor violation occurred during the Term.

(D) Obligations Regarding Staffing Agencies

41. During the Term, Hearthside will provide written notice to each Staffing Agency that it contracts with for the provision of Temporary Employees in Illinois that, as part of an agreement with the Department, the Staffing Agency must provide the information requested in Paragraph 42. Hearthside will provide such written notice to Staffing Agencies with which it has existing contracts within 30 days of the date this Assurance becomes effective, and to Staffing Agencies it contracts with during the Term within 30 days of the execution of the contract.

42. Hearthside will only contract with a Staffing Agency if the agency agrees in writing to provide Hearthside with the following information three times a year during the Term:

- a. A description of the measures taken by the Staffing Agency to ensure compliance with the Child Labor Laws.
- b. The name and date of birth of each Temporary Employee assigned to Hearthside.
- c. The hours worked by each Temporary Employee each day and each week for Hearthside.
- d. The position in which each Temporary Employee worked at Hearthside.
- e. The rate of pay, and actual pay received, by each Temporary Employee for each week they worked for Hearthside.

43. Hearthside shall maintain the information provided by Staffing Agencies as described in Paragraph 42 for the duration of the Term. Upon request of the OAG or the Department during the Term, Hearthside will produce such information to the OAG within 30 days in text-delimited format, such as a Microsoft Excel spreadsheet.

(E) Monitoring by the OAG and the Department

44. The OAG and the Department shall have the right to audit Hearthside's compliance with the Child Labor Laws and this Assurance. In such an audit, the OAG and the Department may request the production of all communications, records, and other documents related to the hours worked, wages, assignment, duty, identity, and age of any workers employed by Hearthside or its agents or independent contractors performing work in Illinois. The OAG and the Department may also request the production of any information Hearthside is required to collect from Staffing Agencies with which it contracts pursuant to Paragraph 43. The Parties agree to work together in good faith to facilitate the production of the requested documents within 30 days of the OAG or the Department's request.

45. In the event the OAG or the Department during the Term exercise their right to audit as described in the previous Paragraph, Hearthside shall allow the OAG or the Department access to their places of business during regular business hours on reasonable notice at any time for the purposes of interviewing employees, inspecting the premises, and reviewing time and payroll records to ensure compliance with this Assurance.

46. All notices and documents described in the preceding Section VIII of this Assurance shall be delivered to the following addresses or other addresses that the OAG and the Department may later provide:

Jack Cramer
Workplace Rights Bureau
Office of the Illinois Attorney General
115 S. La Salle St.
Chicago, Illinois 60603
jack.cramer@ilag.gov

Susie Reynolds
Division Manager
Fair Labor Standards
Illinois Department of Labor
160 N La Salle Dr,
Chicago, IL 60601

47. During the Term and upon reasonable notice, Hearthside will permit the OAG and the Department to hold training sessions at any of its facilities in Illinois related to preventing violations of the Child Labor Laws. Hearthside will permit the OAG and the Department to hold up to two such trainings at each of its facilities in Illinois during each calendar year.

(F) Cooperation

48. During the Term and upon request, Hearthside shall provide to the OAG or the Department documents and information related to Hearthside's relationship with any Staffing

Agency in Illinois, including contracts, communications, and the identities of individuals employed by Temporary Staffing Agencies who performed work on behalf of Hearthside. Hearthside will provide such documents and information within 60 days of a request by the OAG.

49. During the Term, Hearthside agrees to cooperate with the OAG or the Department in the identification of key witnesses in the investigation by the OAG or the Department of violations of 820 ILCS 205/1 *et seq.*, by any staffing agency utilized by Hearthside between March 1, 2020 and the execution of this Assurance.

50. During the Term, Hearthside agrees to use its best efforts to make available in Illinois at a mutually agreed-upon time and place employees identified by the OAG or the Department for deposition or interviews in connection with investigations or litigation pursued by the OAG or the Department against any staffing agency utilized by Hearthside between March 1, 2020 and the execution of this Assurance;

IX. MONETARY TERMS

51. Hearthside agrees to pay the Settlement Amount of \$4,500,000 to the Department on the first day of the first calendar month following the Effective Date and following approval by the Bankruptcy Court. All funds shall be transmitted by wire or ACH transfer to the Department as instructed by the Department.

52. Up to half of the Settlement Amount will be used by the Department to issue Settlement Payments to Claimants.

53. All costs and fees of the Administrator shall be paid out of the Settlement Amount.

X. CLAIMS PROCEDURE

54. The Administrator shall establish an interactive website and design a process subject to the Department and the OAG's approval to process claims for Settlement Payments made by Potential Claimants.

55. An individual who purports to have worked at a Hearthside facility in Illinois while they were a minor may make a claim with the website. Potential Claimants will provide documents supporting their age, and Staffing Agency payroll records or similar documents reflecting the date they worked as a minor at a Hearthside facility in Illinois between March 1, 2020, and date this assurance was executed, and the period they worked at said facility to the Administrator for verification.

56. Upon verifying a Potential Claimant's age, Staffing Agency employment agreement, and the time that they worked at a Hearthside facility in Illinois as a minor, the Administrator shall issue a payment to the individual based on the following formula:

- a. $(50\% \text{ of Settlement Amount} / \text{Number of weeks worked by all Claimants}) \times \text{Number of Weeks Worked by Claimant while a Minor}$

57. Any balance remaining from the Settlement Amount after the Term has concluded will revert to the Department's Fund.

XI. MISCELLANEOUS PROVISIONS

58. Neither the Department or OAG nor Hearthside shall be deemed to be the author of this Assurance or any particular term, provision, or condition of this Assurance.

59. The Parties consent to the exclusive jurisdiction of and venue in the Circuit Court of Cook County, Illinois for the purposes of adjudicating any matter arising out of or relating to this litigation or this Assurance.

60. The OAG, the Department, and Hearthside represents and warrants that they have the full right and authority to execute this Assurance. The signatories hereto represent and warrant that they have been granted specific authority by their respective principals to execute the Assurance.

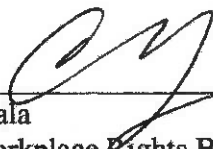
61. In the event any portion of this Assurance is declared void by a court, such portion shall be severed from this Assurance, and the remaining provisions shall remain in effect.

62. Facsimiles and electronic (PDF) copies are deemed acceptable, binding signatures for the purposes of this Assurance. This Assurance may be executed in counterparts, each of which will be deemed an original document, and all of which will constitute one and the same agreement.

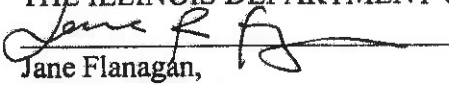
63. This Assurance must be approved by a Bankruptcy Court. This Assurance is not binding on the Parties unless approved in its entirety by the Bankruptcy Court.

THE OFFICE OF THE ILLINOIS ATTORNEY
GENERAL
KWAME RAOUL,
Attorney General of Illinois

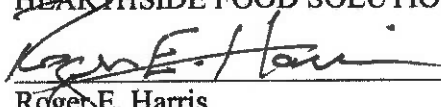
Dated: 12/4/24

By: 
Alvar Ayala
Chief, Workplace Rights Bureau
115 S. La Salle Street
Chicago, Illinois 60603

Dated: 12/4/24

THE ILLINOIS DEPARTMENT OF LABOR
By: 
Jane Flanagan,
Director
160 N La Salle Dr,
Chicago, IL 60601

Dated: 12/4/24

HEARTHSTONE FOOD SOLUTIONS, LLC.
By: 
Roger E. Harris
Hearthstone Food Solutions LLC,
Chief Legal Officer
3333 Finley Rd., Suite 800
Downers Grove, IL 60515

APPENDIX A

NOTICE TO ALL EMPLOYEES

This notice is being posted pursuant to an agreement between the Illinois Attorney General, the Illinois Department of Labor, and Hearthside Food Solutions, LLC (“Hearthside”).

We hereby notify our employees of the following: Hearthside prohibits the employment of anyone under the age of 18. No one under the age of 18 should be working in this facility. If you are aware that someone under the age of 18 is working in this facility, you can report the situation anonymously to Hearthside by calling or emailing Hearthside using the contact information below. You will not be treated differently at work if you make a report, and you will not be penalized because you know or are related to, or are otherwise associated with a person under 18 working here.

[HOTLINE]

[EMAIL ADDRESS]

If you have any concerns over Hearthside’s investigation of your report of child labor concern, you may contact the Office of the Illinois Attorney General’s Workplace Rights Bureau or the Illinois Department of Labor to report your concerns about the handling of your Complaint(s) at the number below:

**Office of the Illinois Attorney General, Workplace Rights Bureau
844-740-5076**

**Illinois Department of Labor
[IDOL Number]**