

CONFIDENTIAL SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Confidential Settlement Agreement and General Release (the "Agreement") is made and entered into by and between the undersigned parties, Gregorio Melgar ("Plaintiff") and Hollywood Bed & Spring Mfg. Co., Inc. ("Hollywood Bed") (collectively, the "Parties").

RECITALS

- A. Plaintiff was formerly employed by Hollywood Bed as a non-exempt employee.
- B. On December 7, 2020, Plaintiff sent a notice to the Labor and Workforce Development Agency, asserting claims under the Private Attorneys General Act ("PAGA") based upon various alleged Labor Code violations. Plaintiff then filed a an action in the Los Angeles Superior Court, Case No. 20STCV46749 (the "Complaint"), that in its operative form (First Amended Complaint) asserts individual, class, and PAGA representative claims. Hollywood Bed denies the validity of the allegations in the Complaint.
- C. After a preliminary exchange of information, the Parties agreed that this action should not proceed as a class action or PAGA representative action, but rather should be settled on an individual basis, and the entire action dismissed without prejudice to the claims of the state or any other Hollywood Bed employee or former employee.
- D. The Parties have settled, fully and finally, all claims Plaintiff may have against Hollywood Bed up to and including the date of execution of this Agreement. This Agreement memorializes the settlement of the individual claims and dismissal of the Complaint.

NOW, THEREFORE, in consideration of the terms, conditions, and promises set forth herein, it is agreed as follows:

1. **No Admission of Liability.** Plaintiff acknowledges that the execution of this Agreement and the payment of consideration or any other obligation hereunder are not and shall not be construed in any way as an admission of wrongdoing or liability on the part of Hollywood Bed or any person or entity. Plaintiff further acknowledges that Hollywood Bed denies all allegations of wrongdoing. Hollywood Bed intends, by this Agreement, merely to avoid the expense, delay, uncertainty, and burden of continued litigation. Plaintiff acknowledges that Hollywood Bed has a good faith basis for the defenses it has asserted to the claims in the Complaint.

2. **Consideration by Hollywood Bed.** In consideration for promises made by Plaintiff herein, and contingent on the Court's approval of the dismissal of the class and PAGA claims as part of dismissal of the entire lawsuit, as well as Plaintiff's fulfillment of the conditions of this Agreement, Hollywood Bed agrees to pay Plaintiff the gross sum of THIRTY FIVE THOUSAND DOLLARS (\$35,000) (the "Settlement Sum"). Hollywood Bed shall issue the Settlement Sum in three checks allocated as follows:

(1) Hollywood Bed shall issue a payroll check in the gross amount of NINE THOUSAND, TWO HUNDRED AND TWO DOLLARS AND THIRTY-SEVEN CENTS (\$9,202.37), less applicable withholdings, made payable to

Gregorio Melgar. The Parties agree that the payroll check shall be intended to compensate Plaintiff for alleged lost wages which he contends he experienced as a Hollywood Bed employee. As such, this payment shall be subject to tax withholding and Hollywood Bed will issue an IRS Form W-2 to Plaintiff in connection with this payment.

(2) Hollywood Bed shall issue a check in the amount of NINE THOUSAND, TWO HUNDRED AND TWO DOLLARS AND THIRTY-EIGHT CENTS (\$9,202.38), less applicable withholdings, made payable to Gregorio Melgar. The Parties agree that this check is intended to compensate Plaintiff for non-wage claims, such as those for non-PAGA statutory penalties or interest. This payment shall not be subject to tax withholding and Hollywood Bed shall issue any IRS Form(s) 1099 for this payment required by law.

(3) Hollywood Bed shall issue a check in the amount of SIXTEEN THOUSAND, FIVE HUNDRED AND NINETY-FIVE DOLLARS AND TWENTY-FIVE CENTS (\$16,595.25) made payable to Bradley/Grombacher, LLP. Such amount is intended to compensate Plaintiff for attorney's fees and costs incurred in litigating this claim. This payment shall not be subject to tax withholding and Hollywood Bed shall issue any IRS Form(s) 1099 for this payment required by law.

3. **Responsibility for Tax Obligations.** Plaintiff understands and agrees that he is solely responsible for his share of all tax obligations, including all reporting and payment obligations, that may arise as a consequence of this Agreement and payment of the Settlement Sum. Plaintiff agrees to indemnify and hold harmless Hollywood Bed and any person or entity affiliated with Hollywood Bed from any tax liability or penalties that may arise from this payment with respect to Plaintiff's share of tax obligations only. Plaintiff further acknowledges that neither Hollywood Bed nor any of its representatives or attorneys, have made any promise, representation or warranty, express or implied, regarding the tax consequences of any consideration paid to Plaintiff pursuant to this Agreement. Plaintiff further acknowledges that Hollywood Bed has no obligation to indemnify or defend him in any tax proceedings or from any tax consequences that could result from payments made in accordance with this Agreement.

4. **Entire Compensation.** Plaintiff agrees that the Settlement Sum shall constitute the entire consideration due him and is in full and complete satisfaction of any and all claims, demands and/or causes of actions he have or may have against Hollywood Bed and that Plaintiff will not seek any further compensation for any other claimed damages, costs, or attorneys' fees in connection with the matters encompassed in this Agreement. Plaintiff acknowledges and agrees that he would not be entitled to receive the Settlement Sum if he did not make the promises that he is making in this Agreement.

5. **Timing of Payment.** The Settlement Sum shall be sent to Plaintiff's attorney within ten (10) business days of the court granting dismissal of all class and PAGA representative allegations in the operative First Amended Complaint, assuming that before the date of this court approval, Plaintiff's counsel, has sent Hollywood Bed's attorney, Thomas Kaufman of Sheppard Mullin Richter and Hampton LLP, an executed copy of this Agreement

and IRS Forms W-9 completed by Plaintiff and Bradley/Grombacher, LLP. Hollywood Bed will be under no obligation to pay the settlement sum unless and until the court dismisses the PAGA and class claims so that the rest of the action may be formally dismissed upon payment of the Settlement Sum.

6. Complete General Release of All Individual Claims. In consideration for the promises set forth in this Agreement, Plaintiff does hereby — for himself and for his heirs, representatives, attorneys, executors, administrators, successors, and assigns — release, acquit, remise, and forever discharge Hollywood Bed and each of its affiliates, subsidiaries, parent companies, related companies, partners, officers, directors, managers, servants, agents, employees, former employees, representatives, heirs, assigns and attorneys, past or present, and all persons acting under, by, through, or in concert with any of them (collectively, the “Releasees”), from any and all actions, causes of action, obligations, costs, expenses, damages, losses, claims, liabilities, suits, debts, demands, and benefits (including attorneys’ fees and costs), of whatever character, in law or in equity, known or unknown, suspected or unsuspected, matured or unmatured, of any kind or nature whatsoever, now existing or arising in the future, based on any act, omission, event, occurrence, or nonoccurrence from the beginning of time to the date of execution hereof, including but not limited to any claims or causes of action arising out of or in any way relating to Plaintiff’s work or employment or which he might otherwise seek to raise against Hollywood Bed.

Plaintiff hereby releases fully and forever all claims against the Releasees, including, without limitation, claims arising under any state or federal law or regulation, including the California Fair Employment and Housing Act (“FEHA”), federal and state False Claims Acts, Title VII of the Civil Rights Act, the Americans With Disabilities Act (“ADA”), the Family Medical Leave Act (“FMLA”), the California Family Rights Act (“CFRA”), the Fair Labor Standards Act (“FLSA”), the Employee Retirement Income Security Act (“ERISA”), the National Labor Relations Act (“NLRA”), the California Government Code, the California Civil Code, the California Labor Code, Section 132a of the California Labor Code, the California Healthy Workplaces Healthy Families Act, the California Business and Professions Code, the applicable California Wage Order, all as amended, and any and all other federal, state or local laws or regulations relating to employment, discrimination, harassment, retaliation, public policy, wage/hour and/or compensation. This Release does not include claims that cannot be waived as a matter of law. Notwithstanding the foregoing, this release does not include release of the PAGA claims in the Complaint which are governed by a separate settlement agreement.

Plaintiff understands and agrees that nothing contained in this Agreement is intended to or will prevent him from filing a charge or complaint with, reporting possible violations of any law or regulation, making disclosures to, and/or participating in any investigation or proceeding conducted by, the National Labor Relations Board, the Equal Employment Opportunity Commission, the Securities and Exchange Commission, or any self-regulatory organization or governmental authority charged with the enforcement of any laws. Plaintiff understands and agrees that because of the waiver and general release he freely provides by signing this Agreement, he cannot obtain any monetary relief or recovery from Hollywood Bed or any of its employees or any Hollywood Bed Releasee in any proceeding.

This release is not intended to operate as, nor shall be construed as, a release or waiver of any rights and/or claims that cannot be released or waived as a matter of law. It is also not intended to release the rights of any other employee or former employee of Hollywood Bed or the state's right to recover civil penalties.

7. **General Release of Unknown Claims.** For the purpose of implementing a full and complete release, Plaintiff expressly acknowledges that the general release set forth in this Agreement is intended to include in its effect, without limitation, claims that Plaintiff did not know or suspect to exist in his favor at the time of execution hereof, regardless of whether the knowledge of such claims, or the facts upon which they might be based, would materially have affected the settlement of this matter, and that the consideration given under this Agreement is also for the release of those claims and contemplates the extinguishment of any such unknown claims. In furtherance of this settlement, Plaintiff waives any rights he may have under California Civil Code Section 1542 (and other similar statutes and regulations). Section 1542 states:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

The release provisions of this Agreement will not take effect until the court grants approval to the parties' separate PAGA settlement.

8. **Covenant Not to Assert New PAGA Claim.** Plaintiff agrees that he will not submit a new letter to the Labor Workforce Development Agency asserting Labor Code violations experienced prior to the date of this Settlement and will not seek to act as a PAGA representative in any further action against Hollywood Bed based on any allegations of wrongdoing occurring prior to the date of this Settlement.

9. **Successors.** This Agreement shall be binding upon the Parties, and their heirs, representatives, executors, administrators, successors, insurers, and assigns, and shall inure to the benefit of each and all of the Releasees, and to their heirs, representatives, executors, administrators, successors, and assignees.

10. **Confidentiality.** Plaintiff agrees that the terms and provisions of this Agreement were made and entered into in strict confidence and must remain confidential. Plaintiff promises that he shall not disclose or offer to disclose, and has not disclosed any of the terms or provisions of this Agreement or the negotiations leading to this Agreement to any person or entity, including, but not limited to, any current, former or future employee or independent contractor of Hollywood Bed, or to any member of the print, electronic or other media. The sole exceptions to the obligations under this Paragraph are (a) a disclosure required by law (such as if the court requires it, or to the extent disclosure to a governmental and/or regulatory agency or tribunal is required), (b) to enforce any obligations under this Agreement, (c) a disclosure to Plaintiff's attorneys, accountants, financial advisors, or immediate family members who will be advised of the confidential nature of this Agreement and must agree to be bound by its terms, or (d) a disclosure to the court of the amount of the Settlement Sum only in conjunction with obtaining

dismissal of PAGA or class claims, if required by the court. Any non-disclosure provision in this agreement does not prohibit or restrict Plaintiff (or his attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization or any other state or federal regulatory authority, regarding this settlement or its underlying facts or circumstances. Plaintiff will further direct his attorneys to preserve the confidentiality of this settlement consistent with this agreement. Plaintiff agrees that to the extent that he receives inquiries from individuals not covered by the exceptions in this paragraph about the matters covered by this Agreement, including without limitation, the Complaint, the Non-PAGA Claims, and/or any claims released herein, he will say nothing other than "it has been resolved" or similar words to that effect without disclosing any information relating to the terms and conditions of this Agreement. Plaintiff agrees that this confidentiality provision is an express and absolute condition of this Agreement, is bargained for consideration for this Agreement and is not a mere recital, and that any violation of the terms and conditions of this confidentiality provision shall constitute a material breach of this Agreement.

In the event Plaintiff breaches the aforementioned obligation of confidentiality or the Non-Cooperation provision in Paragraph 11, Plaintiff agrees that damages for the breach of such obligation would be and are difficult to ascertain. Plaintiff therefore agrees that he will be required to pay Hollywood Bed \$5,000.00 for any proven breach of the confidentiality provision of this Agreement he commits, plus attorneys' fees and costs incurred in proving such breach(es). The burden of proving such breach shall be on Hollywood Bed. Because of the impracticability of fixing actual damages, and because of the benefit to each party in fixing a limitation on damages, the Parties acknowledge that this provision for liquidated damages does not constitute a penalty or forfeiture within the meaning of Civil Code §§ 3275 or 3369 or any other provision of California law.

11. Non-Cooperation With Other Potential Plaintiffs. Plaintiff agrees that, except as required by law, he will not voluntarily counsel, cooperate with or assist any person or entity, including any current or former Hollywood Bed employees or contractors, or any attorneys or their clients, directly or indirectly, in any investigation, analysis, presentation, or prosecution, of any disputes, differences, grievances, claims, charges, or complaints by any third party against Hollywood Bed or, in connection with claims that Hollywood Bed has asserted or asserts against any third party.. This non-cooperation will include not providing any documents or witness statements to potential plaintiffs or such defendants or other third parties unless required by proper subpoena or court order.

12. Admissibility of Agreement. The Parties agree that this Agreement is admissible for the purposes of proving up and/or enforcing the terms of the Parties' Agreement, as set forth herein, pursuant to California Evidence Code Section 1123 and California Civil Code Section 664.6 or any federal counterpart to those statutes.

13. No Attorneys' Fees and Costs. The Parties agree that except as otherwise stated herein, they shall bear their own respective costs and fees, including but not limited to attorneys' fees.

14. Agreement is Voluntary. The Parties understand and agree that Plaintiff:

- (a) Has had a sufficient and reasonable amount of time within which to consider the settlement terms memorialized in this Agreement before agreeing to them.
- (b) Has carefully read and fully understand all of the provisions of this Agreement.
- (c) Is, through this Agreement, releasing any and all claims he may have against Hollywood Bed or any Releasee.
- (d) Knowingly and voluntarily agrees to all of the terms set forth in this Agreement.
- (f) Knowingly and voluntarily intends to be legally bound by the same.
- (g) Consulted with and was represented by an attorney prior to agreeing to the terms of this Agreement.

15. **No Representations.** The Parties acknowledge that, except as expressly set forth herein, no representation of any kind or character has been made to induce the execution of this Agreement.

16. **Ownership of Claims.** Plaintiff represents that he has not transferred or assigned, or purported to transfer or assign, to any person or entity, any claim described in this Agreement.

17. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the State of California applicable to contracts made and to be performed entirely within such State.

18. **Entire Agreement.** This Agreement sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements and understandings between the Parties pertaining to the subject matter of this Agreement. The Parties agree that no change to or modification of this Settlement Agreement shall be valid or binding unless it is in writing and signed by Plaintiff and a duly authorized officer of Hollywood Bed.

19. **Construing Provisions.** The language of all parts in this Agreement shall be construed as a whole, according to its fair meaning, and not strictly for or against either Party. Should any provision in this Agreement be declared or determined to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected and the illegal or invalid part, term, or provision shall be deemed not to be part of this Agreement, and all remaining provisions shall remain valid and enforceable. Plaintiff further agrees that in the event any provision of this Agreement is held to be illegal or unenforceable, Plaintiff will fully cooperate with Hollywood Bed to effectuate its purpose to conform the provision(s) to law.

20. **Jointly Drafted.** This Agreement is deemed to have been drafted jointly by the Parties. Any uncertainty or ambiguity shall not be construed for or against any Party, since all Parties have participated in the negotiations and drafting of this Agreement.

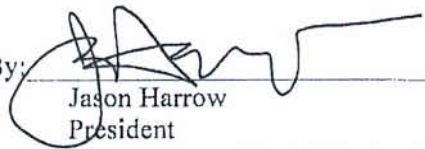
21. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the

same instrument. Furthermore, signatures delivered via facsimile transmission shall have the same force and effect as the originals thereof.

22. **Enforcement of Breach.** Any claim by any Party for breach or enforcement of any provision of this Agreement may be resolved in any court of competent jurisdiction. The Party asserting any breach of this Agreement will have the burden of proof with respect thereto and the prevailing Party in any action for breach or enforcement of any provision of this Agreement shall be awarded reasonable attorneys' fees and costs incurred in bringing or defending the action.

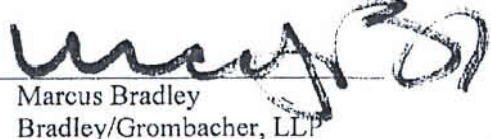
PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES THE RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Dated: May 24, 2021 By: 
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Plaintiff Gregorio Melgar

Dated: May 25, 2021 By: 
Jason Harrow
President
For Hollywood Bed & Spring Mfg. Co., Inc.

APPROVED AS TO FORM:

Dated: May 25, 2021 By: 
Thomas R. Kaufman
Sheppard Mullin Richter & Hampton, LLP
Counsel for Defendant

Dated: May 29, 2021 By: 
Marcus Bradley
Bradley/Grombacher, LLP
For Plaintiff

