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Attorneys for Defendants TEAM
BLAZE and GHOLAMREZA
MEDALI

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE

RAEIGN VELASQUEZ, MIKAYLA
ASEVO, and ERIC RIVAS on behalf of
themselves and on behalf of all persons
similarly situated,

Plaintiffs,

v.

TEAM BLAZE, a California Corporation;
GHOLAMREZA MEDALI, an individual;
and DOES 1 to 100, inclusive,

Defendants.

Case No. 30-2021-01187932-CU-OE-
CXC

**DECLARATION OF GHOLAMREZA
MEDALI IN SUPPORT OF PLAINTIFFS'
MOTION FOR PRELIMINARY
APPROVAL OF CLASS AND PAGA
SETTLEMENT**

Judge: Hon. Melissa R. McCormick
Date: April 25, 2024
Time: 2:00 PM
Dept.: CX-104

Complaint Filed: March 09, 2021
Trial Date: Not Set

I, Gholamreza Medali, hereby declare as follows:

1. I am over 18 years of age and a resident of California. I am the principal owner, shareholder and authorized signatory for Defendant Team Blaze, a party to this action, and am authorized to make this Declaration for and on its behalf. I have personal knowledge of the matters set forth herein, except as to those matters stated upon information and belief, and as to those matters, I am informed and believe they are true. If called as a witness, I could and would competently testify as to the matters set forth herein.

2. I have reviewed certain documents and financial information to support Team

Blaze's efforts to timely fund the settlement reached, ensure Team Blaze has adequate capital to both fund the settlement and ensure it can meet its financial obligations, while making sure that Team Blaze's business is not impacted to a degree that it would negatively impact its ability to operate, and continue operations and employing its employees.

3. Additionally, the Parties jointly retained a neutral expert, Karl Ehlert, to review financial information as part of their mediation-related efforts (with the Honorable Steven R. Denton, Ret.), to determine whether Team Blaze's financial position would allow a resolution of this pending matter on a class and representative-wide basis, if so - at what potential levels, and over what period of time. In performing his analysis, Mr. Ehlert was provided with certain financial information for the Defendants, including but not limited to: financial statements, tax documents, financial projections, bank statements, and other financial documents and summaries for the years 2019, 2020, 2021, and 2022.

4. In brief summary, while sales have remained somewhat stable during the past four years, Team Blaze's operating expenses have increased year over year resulting in restricted cash flow. Specifically, Team Blaze reported a net loss for each of the years ending 2020, 2021, and 2022. Team Blaze's net losses in turn resulted in two stores closures, one in December 2022 and another in August 2023.

5. Further, Team Blaze's debt has risen during this same time frame, as a result of the increased operating expenses, among other factors. Specifically, Team Blaze started 2023 with a long-term debt obligation of \$6.1M. Additionally, it has secured, priority long-term debt obligations and a Board of Equalization obligation of approximately \$1,281,716.15, which must be paid by September 2026 to comply and in order to continue its operations.

6. In addition, Team Blaze does not have adequate cash on hand or cash flow to cover the existing debt obligations.

7. Based on my position, knowledge, review and analysis of the above information, as well as feedback provided to the Parties' counsel by Mr. Ehlert, it is my opinion the proposed payment plan contained within the Parties' Settlement Agreement would allow for a resolution by ensuring Team Blaze has adequate capital to fund the settlement while also allowing it to try to

1 meet its continuing and significant financial obligations, while making sure that Team Blaze's
2 business is not impacted to a degree that it would prevent its ability to operate, and in turn affect
3 the employees' continued employment.

4 8. I have further developed the opinion that Team Blaze will be able to meet its
5 funding obligation with regard to the negotiated settlement, over time, while ensuring it can try to
6 meet its other financial obligations required for continued operations, with the proposed payment
7 plan in which Team Blaze is permitted to separate its funding obligation into six installments -
8 with the final installment paid within thirty months after the Court grants final approval.

9 9. This structured approach would allow Team Blaze to accumulate and allocate
10 smaller amounts of cash from its ongoing low-margin, cash-flow and loan-supported operations,
11 over time and on a continuing basis, so that the called-for settlement payments can be made,
12 without further and significantly impeding its limited financial position and jeopardizing the
13 underlying business operations. Without this structure and approach, Team Blaze would not be
14 able to survive as a viable ongoing business, be able to enter into the agreed upon settlement, nor
15 fund the called for settlement.

16 I declare under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct and that this Declaration was executed on this 11th day of April 2024,
18 in Orange, California.


GHOLAMREZA MEDALI