

MEMORANDUM OF UNDERSTANDING

Andrew Gonzalez, et al. v. Coin Drop Investments, LLC, et al.
San Diego County Superior Court, Case No. 37-2023-00016775-CU-OE-CTL

1. Defendants Coin Drop Investments, LLC dba Coin-Op Gaslamp ("CDI") shall pay eighty-five thousand dollars (\$85,000.00) ("Gross Settlement Fund" or "GSF") to fully settle Plaintiff Andrew Gonzalez's ("Plaintiff") claims against Defendant CDI and Defendant Sporting Fraternity, Inc. ("Sporting Fraternity" or "SFI" and together with CDI, the "Defendants"), including the causes of action brought in the above-referenced matter pursuant to the Labor Code Private Attorneys General Act ("PAGA"), California Labor Code section 2698 *et seq.* The Net Settlement Fund ("NSF") to be distributed to the California Labor and Workforce Development Agency and to employees shall be the GSF less attorneys' fees and costs, to the extent approved by the Court; an enhancement award to Plaintiff, to the extent approved by the Court; an additional payment to Plaintiff for release of his individual claims, to the extent approved by the court; and claims-administration fees, to the extent approved by the Court. Defendants' total payment will not exceed the GSF.
2. Defendants represent that, as of December 12, 2023, there were approximately 54 non-exempt employees ("Aggrieved Employees"). If, as of the end date of the Relevant Period, the number of Defendants' non-exempt employees increases by more than twenty percent Defendants shall increase the GSF proportionally for any excess above twenty percent.
3. The Gross Settlement Fund shall be paid in full no later than 30 days after the Court's final approval of the settlement. The parties agree that there is no right to opt-out or object to a PAGA Settlement. It is therefore the parties' intention that the Settlement shall be final at the time of Court Approval and Entry of Judgment. Funding shall be due based on this date and there shall be no further waiting periods given that there is no right to appeal.
4. Defendants will not oppose a request for up to 33 1/3% of the GSF for attorneys' fees, and will not oppose a request for up to \$5,000 for actual costs incurred and documented.
5. Defendants will not oppose a request for an enhancement award to Plaintiff of up to \$5,000. The parties agree to enter a separate settlement for this payment in the event the same is necessary.
6. Out of the GSF, Defendants will pay Plaintiff \$10,000 for a release of his individual claims. The parties agree to enter a separate settlement for this payment in the event the same is necessary. Plaintiff will provide a general release of all his individual claims, including a California Civil Code section 1542 waiver.
7. The NSF shall be allocated for PAGA civil penalties, with 75% to be paid to the State of California, and 25% to be distributed to allegedly Aggrieved Employees who were employed by Defendants in the State of California at any time between February 8, 2022, through the date that the Court approves the PAGA settlement.
8. The employees' share of the NSF will be distributed on a proportional basis, calculated by the number of workweeks each employee worked for Defendants between February 8, 2022, through the date that the Court approves the PAGA settlement ("Relevant Period").

9. The allegedly Aggrieved Employees will release any and all claims against Defendants—as well as Defendants' parents, subsidiaries, affiliated entities, officers, directors, employees, partners, agents, insurers, and any other entities that could be liable for the acts or omissions of Defendants—that seek civil penalties under Labor Code section 2698, *et seq.*, including all claims for civil penalties under Labor Code section 2698, *et seq.* which could have been brought by those Aggrieved Employees.

10. Defendant represents that its business is solvent, and Defendant is able to pay the Settlement Amount within the time frame set forth herein. Specifically, Defendant has reviewed its financial status in contemplation of this Settlement Agreement and Defendant has determined it is able to comply with the Settlement Installment Payment Plan. Defendant agrees that the failure to review its financial status before entering this Settlement Agreement shall be deemed an intentional misrepresentation. Defendant further affirms that it has not consulted or retained bankruptcy counsel or have contemplated a bankruptcy filing as of the date of this Settlement.

11. Settlement will not constitute an admission of liability by Defendants or any of their related entities.

12. Plaintiff and his counsel will not publicize this settlement by name (*i.e.*, identifying Defendants, whether through a press release, posting on counsel's website, social media, or any other public means). Nothing in this provision is intended to prevent Plaintiff and his counsel from discussing this settlement with their respective spouses, attorneys, or tax advisors, and nothing in this provision is intended to prevent counsel from citing the settlement as evidence supporting their competence as counsel in wage-and-hour matters in public court filings.

13. Unless compelled by a validly issued subpoena or court order, Plaintiff agrees not to invite, solicit, initiate, participate, or otherwise cooperate in any way in any legal or adversary proceedings, or in any other public or private activity, taken against Defendants or Releasees, which may be contemplated or initiated by any persons or entities not a party to this agreement/MOU. Nothing within this agreement/MOU is intended to prevent or interfere with Plaintiff participating in any investigation, hearing, or proceeding conducted by any governmental agency.

14. Plaintiff and his counsel represent and warrant that they have not informed any persons not a Party to this agreement/MOU of the terms or existence of this agreement/MOU except as specifically authorized in this agreement/MOU. Plaintiff's counsel further confirms that except for Plaintiff, Plaintiff's counsel is not currently representing any other parties adverse to Defendants and is not currently contemplating any other cases against Defendants on behalf of any person or entity. Finally, Plaintiff's counsel further represents it will not Solicit ("Solicit" as used herein is defined in Rule 7.3, of the California Rules of Professional Conduct) any party to assert claims against Defendants. Nothing within this provision shall impose a restriction upon counsel's right to practice law as protected by Rule 5.6 of the California Rules of Professional Conduct.

15. The Parties shall memorialize this Memorandum of Understanding in a further, more-detailed settlement agreement, and Plaintiff will apply for approval of the settlement. Nevertheless, the Parties intend that this MOU is enforceable pursuant to the provisions of Code of Civil Procedure § 664.6, recognizing that it must also be approved by the Court.

Accepted and agreed to this 12th day of December 2023.

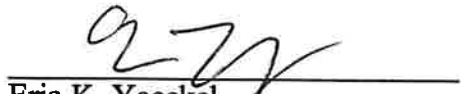
Dated: December __, 2023

PLAINTIFF


Andrew Gonzalez

Dated: December 12, 2023

SULLIVAN & YAECKEL LAW GROUP


Eric K. Yaeckel
Counsel for Plaintiff Kashu Xola Gonzalez

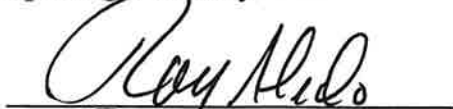
Dated: December __, 2023

Coin Drop Investments, LLC
dba Coin-Op Gaslamp


By: ROY LEDO
Its: MEMBER

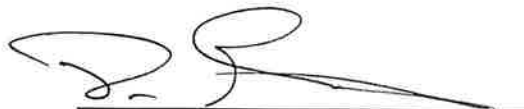
Dated: December __, 2023

Sporting Fraternity, Inc.


By: ROY LEDO
Its: PRESIDENT

Dated: December 12, 2023

SOLOMON WARD SEIDENWURM & SMITH,
LLP


Daniel E. Gardenswartz
Counsel for Defendants