

EXHIBIT 1

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement” or “Settlement”) is reached by and between Plaintiff Maria Arce (“Plaintiff”), individually and on behalf of all members of the Settlement Class (defined below), on the one hand, and Defendant Bezsam, Inc. (“Bezsam” or “Defendant”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff and the Settlement Class are represented by Abramson Labor Group (“Class Counsel”). Defendant is represented by Simone McCormick of Pierson Ferdinand LLP (“Defense Counsel”).

Plaintiff filed a class action complaint against Defendant in San Diego County Superior Court (the “Court”), titled *Maria Arce v. Bezsam, Inc., et al*, Case No. 37-2023-00018538-CU-OE-CTL on May 2, 2023 (the “Action”). The First Amended Complaint in the Action, filed on July 10, 2023 (the “Complaint”), alleges claims against Defendant for: (i) failure to pay overtime wages; (ii) meal period violations; (iii) failure to pay meal period premiums at the regular rate of pay; (iv) rest period violations; (v) failure to reimburse business expenses; (vi) wage statement violations; (vii) waiting time penalties; (viii) unfair competition; and (ix) civil penalties under the Labor Code Private Attorneys General Act (“PAGA”), Labor Code § 2698 *et seq.*

Given the uncertainty of litigation, the Parties wish to settle Plaintiff’s claims on a classwide and representative basis. Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For purposes of this Settlement only, the Parties stipulate to the certification of a “Settlement Class,” which shall be defined as:

All current and former non-exempt employees who worked for Bezsam in California at any time from May 2, 2019 through November 22, 2023 (the “Class Period”).

Defendant represents there are approximately 420 Settlement Class members.

The Parties agree that certification for purpose of settlement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure in a non-settlement context. If for any reason this Settlement is not approved or is terminated, this agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement.

2. **Release by Settlement Class.** Upon the occurrence of the Effective Date (defined below) and the Settlement being fully funded by Defendant, in consideration set forth in this Agreement, Plaintiff and every Settlement Class member who does not opt out of the class portion of the Settlement (“Participating Class Members”) will release and discharge Defendant from: (a) Any and all causes of action, claims, rights, damages, and penalties under California law that were alleged in the operative First Amended Complaint in the Action or that could have been alleged based on the facts alleged in the First Amended Complaint in the Action, arising from their employment with Defendant, including any alleged failure by Defendant (1) to pay overtime wages, (2) to provide meal periods or pay meal period premiums, (3) to authorize and permit rest periods or pay rest period premiums, (4) to issue compliant wage statements pursuant to California Labor Code section 226, (5) to pay all final wages at termination of employment, and (6) to

reimburse or indemnify business expenses; as well as (b) any claim for unfair business practices in violation of California Business & Professions Code sections 17200, et seq., based on the alleged failures set forth in (a)(1) through (a)(6) above (“California Released Claims”). In addition, all Settlement Class members (whether or not they opt out) shall release any right or claim for civil penalties pursuant to the PAGA, California Labor Code sections 2698, et seq., arising under the California Labor Code based on Defendant’s alleged failures mentioned above, for the duration of the PAGA Period, which is May 2, 2022 through November 22, 2023 (“PAGA Released Claims”).

3. **Release by Plaintiff.** In further consideration for the consideration set forth in this Agreement, Plaintiff, for herself, waives, releases, acquits and forever discharges the Released Parties from any and all claims, actions, charges, complaints, grievances and causes of action, of whatever nature, whether known or unknown, which exist or may exist on their behalf as of the date of this Agreement, including but not limited to any and all tort claims, contract claims, wage claims, wrongful termination claims, disability claims, benefit claims, public policy claims, retaliation claims, statutory claims, personal injury claims, emotional distress claims, invasion of privacy claims, defamation claims, fraud claims, quantum meruit claims, and any and all claims arising under any federal, state or other governmental statute, law, regulation or ordinance, including, but not limited to claims for violation of the Fair Labor Standards Act, the California Labor Code, the Wage Orders of California’s Industrial Welfare Commission, other state wage and hour laws, the Americans with Disabilities Act, the Age Discrimination in Employment Act (ADEA), the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the California Family Rights Act, the Family Medical Leave Act, California’s Whistleblower Protection Act, California Business & Professions Code Section 17200 et seq., and any and all claims arising under any federal, state or other governmental statute, law, regulation or ordinance. ”). **This release expressly excludes any workers’ compensation claim that Plaintiff may have, any claims for unemployment insurance, or any other claims which cannot be released by law.**

Plaintiff also waives and relinquishes any and all claims, rights or benefits that she may have under California Civil Code § 1542, which provides as follows:

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.

Plaintiff is a creditor and/or “releasing party” within the meaning of Civil Code § 1542. Plaintiff may discover claims or facts in addition to, or different from, those which she now knows or believes to exist, but Plaintiff expressly agrees to fully, finally and forever settle and release any and all claims against the Released Parties, known or unknown, suspected or unsuspected, which exist or may exist on behalf of or against the other at the time of execution of this Agreement, including, but not limited to, any and all claims relating to or arising from Plaintiff’s employment with Defendant. **This release expressly excludes any workers’ compensation claim that Plaintiff may have, any claims for unemployment insurance, or any other claims which cannot be released by law.**

The Parties further acknowledge, understand, and agree that this representation and commitment is essential to the Agreement and that this Agreement would not have been entered into were it not for this representation and commitment.

4. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a “Gross Settlement Amount” or “GSA” of Four Hundred Sixty-Five Thousand Dollars and Zero Cents (\$465,000.00) in full and complete release of all claims and final settlement of the Action, as follows:
 - A. The Parties have agreed to engage Phoenix Settlement Administrators (“Phoenix”) as the “Settlement Administrator” to administer this Settlement.
 - B. The Gross Settlement Amount shall be funded in accordance with the following schedule: The first payment of \$65,000.00 shall be made withing 30 days of the Court’s granting preliminary approval of the settlement. A second payment of \$200,000.00 will be paid no later than 120 days thereafter. A third and final payment of \$200,000.00 shall be made within 90 days of the Court’s granting final approval of the settlement. Any deposits prior to the final approval order are subject to a full refund to Defendant in the event that the Court does not grant final approval. These amounts shall be deposited with the third-party Settlement Administrator. Defendant shall deposit the employer-side payroll taxes with the Settlement Administrator no later than the deadline for the final payment.
 - C. This is a non-reversionary settlement. The Gross Settlement Amount includes:
 - i. All payments to the Settlement Class;
 - ii. All costs of the Settlement Administrator and settlement administration, which are anticipated to be no greater than \$10,000.00;
 - iii. Up to \$7,500.00 to Plaintiff as a Class Representative Service Payment, in recognition of Plaintiff’s contributions to the Action and to the Settlement Class;
 - iv. Class Counsel attorney fees of up to one-third of the GSA (currently estimated to be \$155,000.00), plus litigation costs and expenses incurred by Class Counsel in relation to the Action as supported by declaration, which are currently estimated to be no greater than \$25,000.00 both subject to court approval;
 - v. The Parties have set aside \$40,000.00 of the GSA as PAGA civil penalties. Per Labor Code § 2699(i), 75% of such penalties, or \$30,000, will be payable to the Labor & Workforce Development Agency (“LWDA”), and the remaining 25%, or \$10,000.00, will be payable to certain Settlement Class Members as the “PAGA Amount” as discussed below.
 - D. Defendant’s share of payroll taxes on any wage portion of the payments to the Settlement Class shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount. Defendant’s share of payroll taxes shall be deposited by Defendant with the Settlement Administrator at the same time it deposits the final installment payment of the Gross Settlement Amount.

- E. **Escalator Clause.** Defendant represents that there are approximately 20,224 workweeks worked by the Settlement Class in California during the Class Period (“Workweeks”) and approximately 11,216 pay periods worked by the Settlement Class in California during the PAGA Period (“PAGA Pay Periods”). If the actual number of Workweeks or PAGA Pay periods exceeds these numbers by more than 10% (i.e., if there are 22,247 or more Workweeks, or 12,228 or more PAGA Pay Periods), then Defendant will increase the Gross Settlement Amount proportionate to the increase in Workweeks or Pay Periods over 10% (e.g., if the actual number of Workweeks is 12% greater than 20,224, the Gross Settlement Amount will increase by 2%).
5. **Effective Date.** The “Effective Date” of the settlement agreement shall be the day after both of the following have occurred: (i) final approval of the settlement is granted by the Court, and (ii) Judgment approving the settlement becomes Final. “Final” shall mean the latest of: (i) if there is an appeal of the Court’s Judgment, the date the Judgment is affirmed on appeal, the date of dismissal of such appeal, or the expiration of the time to file a petition for writ of certiorari to the United States Supreme Court, or, (ii) if a petition for writ of certiorari is filed, the date of denial of the petition for writ of certiorari, or the date the Judgment is affirmed pursuant to such petition; or (iii) if no appeal is filed, the expiration date of the time for filing or noticing any appeal of the Judgment.
6. **Payments to the Settlement Class.** Settlement Class members are not required to submit a claim form to receive a payment from the Settlement (“Settlement Award”). Settlement Awards will be determined and paid as follows:
- A. The Settlement Administrator will deduct from the Gross Settlement Amount the Court-approved amounts for Class Counsel’s attorneys’ fees and litigation costs, Plaintiff’s Class Representative Service Payment, the Settlement Administrator’s administration costs, and PAGA civil penalties. The remaining amount shall be known as the “Net Settlement Amount” or “NSA.” Settlement Awards will be the total of each Settlement Class member’s (i) payment from the NSA and (ii) payment, if any, from the PAGA Amount, as described below.
- B. Payments from the Net Settlement Amount: All Participating Class Members will receive a payment from the NSA based on each Participating Class Member’s proportionate number of Workweeks worked for Defendant as a non-exempt employee in California during the Class Period. The Settlement Administrator will calculate each Participating Class Member’s payment from the NSA by multiplying the NSA by a fraction, the numerator of which is the Participating Class Member’s number of Workweeks worked during the Class Period, and the denominator of which is the total Workweeks worked by all Participating Class Members during the Class Period.
- C. Payments from the PAGA Amount: In addition to the NSA, 25% of the amount set aside as PAGA civil penalties (i.e., \$10,000.00) has been set aside as the “PAGA Amount,” as mentioned above. The PAGA Amount shall be paid to all Settlement Class Members (regardless whether they opt out) who were employed by Defendant at any time during the PAGA Period, based on their proportional number of pay periods they were employed by Defendant during the PAGA

Period (“PAGA Pay Periods”). Specifically, each Settlement Class member’s payment from the PAGA Amount will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the Settlement Class member’s number of PAGA Pay Periods, and the denominator of which is the total PAGA Pay Periods of all Settlement Class members.

- D. Within seven (7) business days following Defendant’s deposit of the Gross Settlement Amount and the employer’s share of payroll taxes with the Settlement Administrator, the Settlement Administrator will calculate Settlement Awards, and provide the same to Class Counsel and Defense Counsel for review and approval. Within five (5) business days of (i) the occurrence of the Effective Date and (ii) receiving approval of its calculations by counsel, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to Settlement Class members, as well as the Class Representative Service Payment to Plaintiff, the LWDA’s PAGA payment to the LWDA, and Class Counsel’s attorneys’ fees and costs to Class Counsel. The Settlement Administrator shall simultaneously pay all applicable withholdings to the applicable authorities with the necessary reports, submitting copies to Defense Counsel.
- E. For purposes of calculating applicable taxes and withholdings for payments, each Settlement Award shall be allocated as follows: for amounts paid from the PAGA Amount, 100% penalties; for amounts paid from the Net Settlement Amount, 33.33% wages, and 66.67% as penalties, interest, and expense reimbursement. The Settlement Administrator shall issue to Settlement Class members an IRS Form W-2 for amounts deemed “wages” and an IRS Form 1099 for the portions allocated as penalties and expense reimbursement. As stated above, Defendant is responsible for the employer’s share of the payroll taxes on the wage portion of the Settlement Awards, and these taxes will not be deducted from the Gross Settlement Amount. Notwithstanding the treatment of the payments to each Settlement Class member above, none of the payments called for by this Settlement are to be treated as earnings, wages, pay, or compensation for any purpose of any applicable bonus, benefit, or retirement plan, unless required by such plans.
- F. Each Settlement Class member who is mailed a Settlement Award must cash his/her Settlement Award check within 180 days from the date the Settlement Administrator mails it. Any funds payable to a Settlement Class member whose check is not cashed within 180 days after mailing will be deposited by the Settlement Administrator with *cy pres* recipient San Ysidro Health. If any Settlement Award check is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall perform a “skip trace” for the Settlement Class member to whom the Settlement Award was mailed, and shall re-mail the Settlement Award to any new address obtained through the skip trace.
- G. Neither Plaintiff nor Defendant, nor their respective counsel, shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

7. **Attorneys' Fees and Costs.** Class Counsel will request a total award of attorneys' fees of up to one-third of the Gross Settlement Amount (currently estimated at \$155,000.00), plus actual costs and expenses as supported by declaration in an amount not to exceed \$25,000.00 subject to court approval. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement, including any objections raised and any appeals necessitated by those objections. As noted above, the Settlement Administrator will mail Class Counsel the attorneys' fees and cost award when it mails the Settlement Awards to Settlement Class members. The Settlement Administrator will issue Class Counsel an IRS Form 1009 when the Settlement Administrator pays the fee and cost award approved by the Court.
8. **Class Representative Service Payment.** Plaintiff will request, and Defendant will not oppose, a Class Representative Service Payment of \$7,500.00 from the Gross Settlement Amount for Plaintiff, in recognition of Plaintiff's time and risks undertaken in prosecuting the Action, and her service to the Settlement Class. This award will be in addition to Plaintiff's Settlement Award as a Settlement Class member and shall be reported on an IRS Form 1099 by the Settlement Administrator. The Settlement Administrator will mail Plaintiff the Class Representative Service Payment when it mails the Settlement Awards to Settlement Class members.
9. **Settlement Administrator.** The Parties will request the appointment of Phoenix as Settlement Administrator. Defendant will not object to Plaintiff's seeking permission to pay up to \$10,000.00 from the Gross Settlement Amount for the Settlement Administrator's services. The Settlement Administrator shall be responsible for administering the Settlement. Among other things, the Settlement Administrator will be responsible for translating the Notice Packet to Spanish, sending notices to Settlement Class members in English and Spanish, calculating Settlement Awards and preparing all checks and mailings, posting the Judgment to its website, and other duties as described in this Settlement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount only after Settlement Awards have been mailed to Settlement Class members. Any funds allocated for the Settlement Administrator that are not approved by the Court, will revert to the Net Settlement Amount.
10. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:
 - A. Conditionally certifying the Settlement Class for purposes of this Settlement;
 - B. Appointing Abramson Labor Group as Class Counsel for purposes of this settlement only;
 - C. Appointing Plaintiff as Class Representative for the Settlement Class;
 - D. Approving Phoenix as Settlement Administrator;
 - E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
 - F. Approving the form and content of the Notice Packet (which is comprised of the Class Notice and the Notice of Estimated Settlement Award, attached hereto as Exhibits A and B, respectively), and directing the mailing of same in English and

Spanish; and

G. Scheduling a Final Approval hearing.

11. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within ten (10) Court days after entry of an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the name, last known address, last known phone number, social security number, number of Workweeks employed by Defendant in California during the Class Period, number of pay periods employed by Defendant in California during the PAGA Period, and dates of employment for each Settlement Class member (the “Class Data”). The Class Data shall be provided to the Settlement Administrator in an electronic format satisfactory to the Settlement Administrator.
- B. Within ten (10) business days from receipt of the Class Data, the Settlement Administrator shall (i) run the names of all Settlement Class members through the National Change of Address (“NCOA”) database to determine any updated addresses for Settlement Class members; (ii) update the addresses of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Award for each Settlement Class member, and provide Class Counsel and Defense Counsel with its calculations for their approval; (iv) provide Class Counsel and Defense Counsel with translated and formatted versions of the Notice Packets to be sent to Settlement Class members; and (v) after receiving approval from all counsel, mail a Notice Packet to each Settlement Class member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.
- C. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the class portion of the Settlement must complete and mail a Request for Exclusion (defined herein) to the Settlement Administrator on or before sixty (60) calendar days after the date of the initial mailing of the Notice Packets (the “Response Deadline”). The Request for Exclusion is a document prepared by the Settlement Class member that must: (1) contain the Settlement Class member’s name; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from this settlement. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class member who excludes himself or herself from the Settlement Class will not be entitled to any recovery under this Settlement (except for any share from the PAGA Amount, if applicable), will not be bound by the terms of the Settlement (except for release of the PAGA Released Claims, if applicable), and will not have any right to object, appeal, or comment thereon. The Settlement Administrator will provide the Parties with weekly updates regarding the number of Requests for Exclusion received.

- D. Objections. Settlement Class members who do not request exclusion may object to the Settlement by mailing a written objection to the Settlement Administrator as explained in the Class Notice. The Settlement Administrator shall, within two (2) business days of receipt, serve any written objection(s) as received on Class Counsel and Defense Counsel, and Class Counsel shall then file all such objections with the Court. Defense Counsel and Class Counsel shall file and serve any responses to written objections no later than five (5) calendar days prior to the Final Approval hearing. To be valid, any written objection must: (1) contain the objecting Settlement Class member's full name, current address, telephone number, and e-mail address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection; (2) include all objections and the factual and legal bases for same; (3) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence supporting the objection; and (4) be postmarked no later than the Response Deadline. Absent good cause found by the Court, a Settlement Class member who wishes to object but who fails to comply with the procedures set forth herein and/or in the Class Notice shall be deemed not to have objected. Any attorney who intends to represent an objecting Settlement Class member at the Final Approval hearing must submit a Notice of Appearance to the Court and serve it on all Parties on or before the Response Deadline. The Parties and their counsel agree not to take any action to encourage any Settlement Class member to object to the Settlement.
- E. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to Settlement Class members shall contain a Notice of Estimated Settlement Award, in which shall be disclosed the amount of the Settlement Class member's estimated Settlement Award as well as the information that was gleaned from Defendant's records in order to calculate the Settlement Award, including their number of Workweeks they worked for Defendant during the Class Period and their number of pay periods (if any) worked during the Wage Statement Period/PAGA Period. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in their Notice of Estimated Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with counsel for the Parties to determine whether an adjustment to the Settlement Class member's Settlement Award is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Award under the terms of this Settlement. The Settlement Administrator's determination of the eligibility for and amount of any Settlement Award shall be binding upon the Settlement Class member and the Parties.
- F. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an

updated mailing address within three (3) business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member within two (2) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. Settlement Class members to whom Notice Packets are re-mailed after having been returned to the Settlement Administrator as undeliverable shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline, whichever is later, to submit a Request for Exclusion, Objection, or dispute, as applicable. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline, if applicable. If a Settlement Class member's Notice Packet is returned to the Settlement Administrator more than once as non-deliverable, then an additional Notice Packet need not be mailed. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defense Counsel to provide notice of the Settlement.

12. **Final Approval.** Following preliminary approval and the close of the period for submitting Requests for Exclusion, Objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:
 - A. Granting final approval of the Settlement and adjudging its terms to be fair, reasonable, and adequate;
 - B. Approving Plaintiff's and Class Counsel's application for attorneys' fees, costs, Class Representative Service Payment, PAGA civil penalties to the LWDA, and settlement administration costs; and
 - C. Entering judgment pursuant to California Rule of Court 3.769.
13. **Defendant's Option to Revoke Settlement.** Defendant has the unilateral right to revoke the Settlement and Defendant shall have, in its sole discretion, the option to terminate this Settlement if, after the Response Deadline, the number of Settlement Class Members who submitted timely and valid written requests for exclusion from the Settlement is at least ten percent (10%) of all Settlement Class Members. If Defendant exercises the option to terminate this Settlement, Defendant shall: (a) provide written notice to Class Counsel within ten(10) calendar days after(i) providing the Class Data to the Settlement Administrator or (ii) the Settlement Administrator provides information regarding opt outs (which is to occur no later than fourteen (14) calendar days after the Response Deadline, and (b) pay all Settlement.
14. **Non-Admission of Liability.** Defendant denies liability as to the matters alleged in the Action. Nothing in this Settlement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. Each of the Parties has entered into this Settlement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code § 1152, this Settlement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement. If Final Approval does not occur, the Parties agree that this Settlement is void, but remains protected by California Evidence Code § 1152.
15. **No Unalleged Claims.** Plaintiff and Class Counsel represent that they do not currently

intend to pursue any claims against the Released Parties, including, but not limited to, any and all claims relating to or arising from Plaintiff's employment with Defendant, regardless of whether Class Counsel is currently aware of any facts or legal theories upon which any claims or causes of action could be brought against Released Parties, including those facts or legal theories and in the operative complaint in this Action. The Parties further acknowledge, understand and agree that this representation is essential to the Agreement and that this Agreement would not have been entered into were it not for this representation.

16. **Confidentiality.** Plaintiff and Class Counsel agree that, prior to filing a Motion for Preliminary Approval, they will not disclose or publicize the Settlement contemplated herein, the fact of the Settlement, its terms or contents, or the negotiations underlying the Settlement, in any manner or form, to any person or entity, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement as set forth herein, and except to Plaintiff's spouse (if any) or to her attorneys or tax preparers as necessary for those professionals to provide their professional services to Plaintiff.
17. **Continuing Jurisdiction.** Except as otherwise specifically provided for herein, the Court shall retain jurisdiction to construe, interpret and enforce this Settlement, to supervise all notices, the administration of the Settlement, and to hear and adjudicate any dispute arising from or related to the Settlement. The Parties agree that the Court has jurisdiction over the Settlement pursuant to California Code of Civil Procedure, Section 664.6 and California Rule of Court 3.769.
18. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement except by a written agreement signed by counsel for all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement will not constitute a waiver of any other provision.
19. **Fair, Adequate and reasonable Settlement Terms.** The parties believe this Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this Settlement after extensive arms-length negotiations, taking into account all relevant factors, present and potential.
20. **Enforcement Action.** In the event either Party brings an action to enforce the terms of this Settlement, the prevailing party in such action shall be entitled to recover his/her/its reasonable attorneys' fees and costs incurred.
21. **Interim Stay of Proceedings.** The Parties agree to stay all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval/Settlement fairness Hearing to be conducted by the Court.

Review of Motions for Preliminary and Final Approval. Class Counsel will provide an opportunity for Counsel for Defendant to review the Motions for Preliminary and Final Approval, including the Order Granting Final Approval of Class Action Settlement, and Judgment before filing with the Court. The Parties and their counsel will cooperate with each other and use their best efforts to affect the Court's approval of the Motions for Preliminary and Final Approval of the Settlement, and entry of Judgment.

22. **Notices.** All notices, demands, and other communications to be provided concerning this

Settlement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Defendant: Simone McCormick/Adriana Cara, Pierson Ferdinand LLP,
2244 Faraday Avenue, PMB, Carlsbad, CA 92008;
simone.mccormick@pierferd.com/Adriana.Cara@pierferd.com

if to Plaintiff: Neil M. Larsen, Abramson Labor Group, 1700 W. Burbank Blvd.,
Burbank, CA 91506; tuvial@abramsonlabor.com

23. **Applicable Law.** All terms and conditions of this Settlement and its exhibits will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law or choice of law principles.
24. **Captions and Interpretations.** Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any provision hereof. Each term of this Settlement is contractual and not merely a recital.
25. **Entire Agreement.** This Settlement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.
26. **Counterparts.** This Settlement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.
27. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Settlement. This Settlement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

AGREED TO AND APPROVED BY:

DATED: 04/18/24

BEZSAM, INC.

Ben Macias

By: Ben Macias (Apr 18, 2024 09:14 PDT)
Ben Macias, CEO

DATED: 04/17/2024

MARIA ARCE


Maria Arce (Apr 17, 2024 13:57 PDT)
Plaintiff and Class Representative

APPROVED AS TO FORM:

ABRAMSON LABOR GROUP

DATED: 4/17/24

By: Neil Larsen
Neil Larsen
Attorney for Plaintiff

PIERSON FERDINAND LLP

DATED: 04/18/2024

By: Simone McCormick
Simone McCormick
Attorney for Defendant

EXHIBIT A

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

MARIA ARCE,

Plaintiff,

vs.

BEZSAM, INC., et al

Defendant.

Case No. 37-2023-00018538-CU-OE-CTL

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED
SETTLEMENT**

To: All current and former non-exempt employees who worked for Defendant Bezsam, Inc. ("Bezsam") in California at any time from May 2, 2019 through November 22, 2023 ("Class Period").

**PLEASE READ THIS NOTICE CAREFULLY.
YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT.**

Why should you read this Notice?

The San Diego County Superior Court ("Court") has granted preliminary approval of a proposed class action settlement (the "Settlement") in *Maria Arce v. Bezsam, Inc. et al*, San Diego County Superior Court Case No. 37-2023-00018538-CU-OE-CTL (the "Action"). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from the Settlement. Bezsam's records show that you were employed by Bezsam as a non-exempt employee in California at some point between May 2, 2019 and November 22, 2023. You are therefore a member of the proposed "Settlement Class." The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Action, to inform you of the terms of the proposed Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound by the terms of the Settlement and any final judgment. If final judgment is entered in this case, it will be posted to the Settlement Administrator's website, www.phoenixclassaction.com.

What is this case about?

Plaintiff Maria Arce ("Plaintiff") has filed a lawsuit alleging that Bezsam violated California law. In the operative First Amended Complaint ("Complaint"), Plaintiff allege that Bezsam: (i) failed to pay all overtime wages owed; (ii) failed to provide meal periods and failed to properly pay meal period premiums; (iii) failed to authorize and permit rest periods; (iv) failed to reimburse expenses; (v) failed to issue accurate itemized wage statements; (vi) failed to pay all wages at termination; and, as a result of the above, (vii) engaged in unlawful business practices. In addition, Plaintiff seeks civil penalties under the California Labor Code Private Attorneys General Act ("PAGA"). Plaintiff's attorneys, who also represent the interests of all Settlement Class members, are known as "Class Counsel."

Bezsam denies that it has done anything wrong, and believes it has acted in compliance with all applicable laws and that Plaintiff's claims have no merit. Bezsam also denies that it owes any wages, restitution, penalties, or other damages. By agreeing to settle, Bezsam is not admitting liability on any of the claims asserted in the Action or that the Action can or should proceed as a

class action in a non-settlement context.

The Court has not ruled on the merits of Plaintiff's claims. However, to avoid additional expense, inconvenience, and interference with its business operations, Bezsam has concluded that it is in its best interests to settle the Action on the terms summarized in this Notice. After Bezsam provided relevant information to Class Counsel, the Settlement was reached after mediation and arm's-length negotiations between the parties.

Plaintiff and Class Counsel also support the Settlement. Among the reasons for support are the defenses potentially available to Bezsam, the risk of denial of class certification, the inherent risks of trial on the merits, and the delays and uncertainties associated with litigation.

If you still work for Bezsam, your decision about whether to participate in the Settlement will not affect your status with Bezsam. California law and Bezsam company policy strictly prohibit unlawful retaliation. Bezsam will not target, retaliate, or discriminate against any Settlement Class member because of the Settlement Class member's decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for Plaintiff / the Settlement Class:	Attorneys for Bezsam:
ABRAMSON LABOR GROUP Neil M. Larsen neil@abramsonlabor.com 1700 W. Burbank Blvd. Burbank, California 91506 Tel: (213) 723-2522 www.abramsonlaborgroup.com	PIERSON FERDINAND LLP Simone McCormick simone.mccormick@pierferd.com 2244 Faraday Avenue, PMB Carlsbad, California 92008 Tel.: (971) 277-4972 www.pierferd.com

What are the terms of the Settlement?

Bezsam has agreed to pay \$465,000.00 (the "Gross Settlement Amount") to fully resolve all claims in the Action, including claims by Settlement Class members, attorneys' fees, costs, settlement administration costs, PAGA civil penalties, and the Class Representative Service Payment.

The following deductions from the Gross Settlement Amount will be requested by the parties:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$10,000 from the Gross Settlement Amount to pay the Settlement administration costs.

Attorneys' Fees and Costs. Class Counsel will ask for fees of up to one-third of Gross Settlement Amount, currently estimated to be \$155,000, as reasonable compensation for the work Class Counsel performed, and will continue to perform, in this Action through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$25,000 for reimbursement of verified costs Class Counsel incurred in connection with the Lawsuit.

Class Representative Service Payment. Class Counsel will ask the Court to approve an award of \$7,500 to the Plaintiff, also known as the "Class Representative." This award is to compensate the Class Representative for her service and extra work provided on behalf of the Settlement Class.

PAGA Civil Penalties. The parties have agreed to allocate \$40,000 of the Gross Settlement Amount for the settlement of Plaintiff's PAGA claim. Pursuant to the requirements of the

PAGA, seventy-five percent (75%) of that amount, or \$30,00, will be paid to the California Labor & Workforce Development Agency (“LWDA”). The remaining \$10,000 has been designated as the “PAGA Amount” and will be paid to certain Settlement Class members as described below.

Calculation of Settlement Class Members’ Settlement Awards. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount (“NSA”), which will be distributed to all Settlement Class members who do not submit a valid and timely Request for Exclusion (described below). The NSA is estimated to be approximately \$227,500.00. Together with the \$10,000 PAGA Amount, the total amount to be distributed to Settlement Class members is estimated to be \$237,500. Payments to Settlement Class members, known as “Settlement Awards,” will be calculated as follows:

NSA Distribution: All Participating Class Members (i.e., all Settlement Class members who do not opt out of the Settlement) will receive a payment from the NSA based on each Participating Class Member’s proportionate number of workweeks worked for Bezsam as a non-exempt employee in California during the Class Period.

PAGA Amount Distribution: In addition to the NSA, \$10,000 of the Gross Settlement Amount has been designated as the “PAGA Amount” as described above, and will be allocated to all Settlement Class members (whether or not they opt out) who worked for Bezsam as a non-exempt employee in California at any time from May 2, 2022 to November 22, 2023 (the “PAGA Period”), in proportion to the number of pay periods that each Settlement Class member worked for Bezsam as a non-exempt employee in California during the PAGA Period.

The enclosed “Notice of Estimated Settlement Award” contains your estimated payment under the Settlement, as well as the data from Bezsam’s records that was relied upon in calculating your estimated payment.

Deposit of Gross Settlement Amount. The Gross Settlement Amount will be fully funded by Bezsam no later than 90 days after the Court grants final approval of the Settlement. If final approval is granted and there are no objections, Settlement Awards will be mailed approximately 12 business days after Bezsam deposits the Gross Settlement Amount.

Allocation and Taxes. For tax purposes, Settlement Awards shall be treated as follows: for payments from the PAGA Amount, 100% penalties; for payments from the NSA, 33.33% wages (with withholdings taken), and 66.67% penalties, interest, and expense reimbursements. The Settlement Administrator will issue IRS forms W-2 for all amounts designated as “wages,” and will issue IRS forms 1099 for all amounts designated as penalties and interest. Settlement Class members are responsible for the proper income tax treatment of the Settlement Awards. The Settlement Administrator, Bezsam and its counsel, and Plaintiff and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. Once the Court’s judgment approving the Settlement becomes final, and the Settlement is fully funded by Bezsam, Plaintiff and every Participating Class Member will release Bezsam from: (a) any and all causes of action, claims, rights, damages, and penalties under California law that were alleged in the operative First Amended Complaint in the Action or that could have been alleged based on the facts alleged in the First Amended Complaint in the Action, arising from their employment with Defendant, including any alleged failure by Defendant (1) to pay overtime wages, (2) to provide meal periods or pay meal period premiums, (3) to authorize and permit rest periods or pay rest period premiums, (4) to issue compliant wage statements pursuant to California Labor Code section 226, (5) to pay all final wages at termination of employment, and (6) to reimburse or indemnify business expenses; as well as (b) any claim for unfair business practices in violation of California Business & Professions Code sections 17200, et seq., based on the alleged failures set forth in (a)(1) through

(a)(6) above (“California Released Claims”). In addition, all Settlement Class members (whether or not they opt out) shall release any right or claim for civil penalties pursuant to the PAGA, California Labor Code sections 2698, et seq., arising under the California Labor Code based on Defendant’s alleged failures mentioned above, for the duration of the PAGA Period, which is May 2, 2022 through November 22, 2023 (“PAGA Released Claims”).

Conditional Settlement. By granting preliminary approval of the Settlement, the Court has determined that the Settlement falls within the range of possible approval as fair, reasonable, and adequate. This Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement.

How can I claim money from the Settlement?

Do Nothing. You do not need to do anything if you want to receive payment from and participate in the Settlement. If you do nothing, you will be entitled to your Settlement Award based on the number of workweeks you worked for Bezsam during the Class Period and the number of pay periods you worked for Bezsam during the PAGA Period. Your estimated individual Settlement Award is included in the enclosed Notice of Estimated Settlement Award. You also will be bound by the Settlement, including the release of claims stated herein.

Check Cashing Deadline and Uncashed Checks. You must cash or deposit your Settlement Award check within 180 days from the date that the Settlement Administrator mails the check to you. If you do not cash or deposit your check within 180 days, your check will be voided and the funds from the check will be paid to *cy pres* recipient San Ysidro Health.

What other options do I have?

Disputing Information in Notice of Estimated Settlement Award. Your estimated Settlement Award has been calculated and is included in the enclosed Notice of Estimated Settlement Award. As stated above, your estimated Settlement Award is based on the number of workweeks you worked for Bezsam during the Class Period and the number of pay periods you worked for Bezsam during the PAGA Period. The information contained in Bezsam’s records regarding each of these factors is listed on the accompanying Notice of Estimated Settlement Award.

If you disagree with the information in your Notice of Estimated Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Estimated Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than **<<RESPONSE DEADLINE>>**. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.** The parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class members. The Settlement Administrator’s decision regarding any dispute will be final.

Exclude Yourself from the Class Portion of the Settlement. If you **do not** wish to take part in the class portion of the Settlement, you may exclude yourself by sending to the Settlement Administrator a written “Request for Exclusion” letter, postmarked no later than **<<RESPONSE DEADLINE>>**, with your full name, your signature, and a statement that you wish to exclude yourself from the Settlement Class in the *Arce v. Bezsam* lawsuit.

Send any Request for Exclusion directly to the Settlement Administrator at **<<INSERT ADMINISTRATOR CONTACT INFO>>**. Any person who submits a valid and timely Request for Exclusion shall, upon receipt, no longer be a Settlement Class member with respect to the class claims, shall be barred from participating in the class portion of the Settlement, and shall receive no benefits from the class portion of the Settlement. Any person who submits a valid and timely Request for Exclusion will also lack standing to submit any objection to the Settlement. However, all Settlement Class members who worked for Bezsam during the PAGA Period (even those who submit a valid and timely Request for Exclusion) will be bound by the PAGA portion of the Settlement and

will receive a portion of the PAGA Amount.

Objecting to the Settlement. If you do not submit a Request for Exclusion, you have the right to object to the terms of the class Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the class Settlement, or any portion of it, you may mail a written Objection to the Settlement Administrator. Any Objection must include your full name, current address, current phone number and e-mail address, the name and contact information of any attorney representing you, each specific reason in support of your objection, and any legal or factual support for each objection, including any supporting papers, briefs, written evidence, declarations, and/or other evidence. All objections or other written correspondence must state the name and number of the case, which is *Arce v. Bezsam, Inc.*, San Diego County Superior Court Case No. 37-2023-00018538-CU-OE-CTL. Any written Objections must be postmarked on or before <<RESPONSE DEADLINE>>.

If you submit an objection to the Settlement, you may also appear at the Final Approval Hearing to discuss your objection with the Court. You have the right to appear either in person or through your own attorney. If you wish to appear at the Final Approval Hearing and/or retain an attorney to represent you at the hearing, you must do so at your own expense. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before <<RESPONSE DEADLINE>>.

If you object to the Settlement, you will remain a Settlement Class member, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class members who do not object. In other words, by submitting an Objection, you are not excluding yourself from the Settlement.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department C-66 of the San Diego County Superior Court, located at 330 W. Broadway, San Diego, California 92101. At the Final Approval Hearing, the Court will also be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of costs, the Class Representative Service Payment, and the Settlement administration costs. The Final Approval Hearing may be postponed or moved without further notice to the Settlement Class. **You are not required to attend the Final Approval Hearing, although any Settlement Class member is welcome to attend the hearing at their own expense.**

How can I get additional information?

This Notice is only a summary of the Action and the Settlement. For more information, you may consult the Register of Actions for this case, which can be accessed through the Court's website located at <https://roa.sdcourt.ca.gov/roa/> and entering the case number for this case. You may also contact the Settlement Administrator at (XXX) XXX-XXX or Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT.

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>. These deadlines will be strictly enforced.

EXHIBIT B

NOTICE OF ESTIMATED SETTLEMENT AWARD

ARCE v. BEZSAM, INC.

SAN DIEGO COUNTY SUPERIOR COURT CASE NO. 37-2023-00018538-CU-OE-CTL

Please complete, sign, and return this Form to **<<ADMINISTRATOR CONTACT INFO>>** **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the items listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

Phone number (if you wish to be contacted by phone)

(III) Information Used to Calculate Your Estimated Settlement Award:

According to Bezsam's records:

- (a) you were employed for [REDACTED] workweeks for Bezsam as a non-exempt employee in California between May 2, 2019 and November 22, 2023; and
- (b) you were employed for [REDACTED] pay periods for Bezsam as a non-exempt employee in California between May 2, 2022 and November 22, 2023.

Based on the above, your Settlement Award is estimated at \$ [REDACTED].

(IV) If you disagree with any of the items (a) - (b) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this Form:

If you dispute the above information from Bezsam's records, Bezsam's records will control unless you are able to provide documentation that establishes that Bezsam's records are mistaken. If there is a dispute about whether Bezsam's information or yours is accurate, the dispute will be resolved by the Parties and the Settlement Administrator as described in the "Notice of Class Action Settlement" that accompanies this Form. The Settlement Administrator's determination will be final.

Date: _____

Signature: _____

ANY DISPUTES (INCLUDING SUPPORTING DOCUMENTS) MUST BE POSTMARKED NO LATER THAN **<<RESPONSE DEADLINE>>.**