

EXHIBIT 1

COLLECTIVE ACTION SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is entered into this May 1, 2020, by and between Sheri Mosely (the “Named Plaintiff”), in her individual capacity, and on behalf of all individuals who have filed consents to join the Lawsuit and have not subsequently withdrawn their consents, voluntarily dismissed their claims or who opt-out of the Lawsuit prior to the Court’s final approval of the Settlement, (the “Settling Plaintiffs”) and Anchor Insurance Holdings, Inc, Lozano Insurance Adjusters, Inc. (Corporate Defendants), Frank Lozano, Lisette Lozano, and Kevin Pawlowski (collectively, “Defendants”). The “Named Plaintiff,” “Settling Plaintiffs,” and “Defendants” shall collectively be referred to as the “Settling Parties” or the “Parties.” This Agreement is effective upon its execution by the Named Plaintiff and Defendants and final approval by the Court as set forth herein.

RECITALS

WHEREAS, the Named Plaintiff and Defendants are parties to the case styled as *Sheri Mosley, et al. v. Lozano Insurance Adjusters, Inc., et al.*, Case No. 3:19-cv-379-TJC-JRK, which is pending in the United States District Court for the Middle District of Florida, Jacksonville Division (the “Lawsuit”);

WHEREAS, the Named Plaintiff, on her own behalf and on behalf of the other Plaintiffs, alleges that Defendants violated the Fair Labor Standards Act (the “FLSA”) by failing to pay its Employees overtime compensation for overtime hours worked over 40 in a workweek;

WHEREAS, the Named Plaintiff, on her own behalf and on behalf of the other Plaintiffs, alleges that Defendants violated the Florida common law of Negligent Misrepresentation by misclassifying them as independent contractors;

WHEREAS, Upon agreement of the Parties, the Court agreed to allow the sending of notices to the proposed class in order to proceed with settlement discussions, 92 current and former employees joined the lawsuit as Plaintiffs (“Opt-in Plaintiffs”);

WHEREAS, the Named Plaintiff and Opt-in Plaintiffs (together “Plaintiffs”) are represented in the Lawsuit by Getman, Sweeney & Dunn, PLLC and Pollan Legal (“Class Counsel”);

WHEREAS, Defendants and the Plaintiffs recognize and acknowledge that Defendants do not admit liability to the Plaintiffs, or to anyone else, for alleged violations of the FLSA or any other allegations set forth in the Lawsuit, and that this Agreement cannot in any way be construed as an admission of liability by Defendants of any violation of any law, contract, or agreement. Defendants deny and dispute all allegations of violations of the FLSA and all other allegations set forth in the Lawsuit, and have asserted various defenses. This Agreement is made for the sole purpose of attempting to consummate settlement of the Plaintiffs’ claims and potential claims under the FLSA on a class-wide basis under the FLSA. This Agreement is made in compromise of disputed allegations;

WHEREAS, Defendants deny all of the claims as to liability, damages, penalties, interest, fees, restitution and all other forms of relief as well as the collective action and all other allegations asserted by the Plaintiffs. Defendants have agreed to resolve this matter via this Agreement, but to the extent this Agreement is deemed void and/or does not go into effect because it is not approved by the Court, Defendants do not waive (but rather expressly reserve) all rights to challenge all such claims and allegations in the matter upon all procedural and factual grounds;

WHEREAS, the Settling Parties acknowledge and agree that this Agreement represents a fair and equitable settlement of their claims and that with this settlement, all of their claims as to violations of the FLSA for the time period of April 4, 2016 through September 30, 2019 (the “Applicable Period”), including but not limited to, claims for failure to pay overtime wages for all hours worked, liquidated damages, and any other damages, and costs and attorneys’ fees are fully satisfied and that they have no claim under the FLSA as to any wages, overtime compensation, liquidated damages or attorneys’ fees due or owing to them from Defendants for the Applicable Period;

WHEREAS, this settlement is made by the Settling Parties on a compromise basis in order to avoid the time and expense of litigation. The Settling Plaintiffs believe that their allegations have merit; however, they recognize and acknowledge the expense and length of the type of continued proceedings necessary to prosecute the allegations against Defendants through trial and through appeals and the risk that Defendants would be unable to satisfy a judgment in the future. The Settling Parties have also taken into account the uncertain outcome and the risk of any litigation, as well as the difficulties and delays inherent in all litigation. The Settling Parties also recognize that the settlement allows any Plaintiff, including the Named Plaintiff, who recognize a risk in Defendants’ ability to pay to settle their claims now, to opt out of the action and retain their claims against Defendants. Based upon their evaluation, Class Counsel, together with the Named Plaintiff, has determined that the settlement set forth in this Agreement is in the best interests of the Settling Plaintiffs;

WHEREAS, all of the Settling Parties acknowledge that they have entered into this Agreement voluntarily. Defendants expressly deny any liability or wrongdoing of any kind associated with the potential claims of the Plaintiffs; and

WHEREFORE, in exchange for the mutual promises contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Settling Parties agree as follows:

I. FINANCIAL TERMS OF THE SETTLEMENT

A. Payments:

1. The Settling Parties have agreed to a global settlement value of Six Hundred Thousand Dollars and Zero cents (\$600,000.00) (the “Gross Settlement Amount”). Anchor Insurance Holdings, Inc. will pay the Gross Settlement Amount into the Trust Account of

Rumberger Kirk and Caldwell on or before June 26, 2020 and the funds will be held in escrow until the Court approves the settlement and the funds are distributed as per this Agreement.

2. Attorneys' fees of up to one-third the Settlement Fund and litigation costs and a service payment to the Named Plaintiff will be paid from the Settlement Fund to Class Counsel as approved by the Court. The balance of the Settlement Fund ("Net Settlement Amount") shall be distributed to Settling Plaintiffs.

3. Each Plaintiff in the case will have the right to opt out of the settlement. There shall be no limitations on the right of Plaintiffs or any individual Plaintiff to opt out nor limitations on the number of Plaintiffs who opt out. Any Plaintiff who opts out of the settlement shall not receive a share of the Gross Settlement Amount. The opting out of Plaintiffs will not reduce the Gross Settlement Amount Fund that Defendants are obligated to pay under this Agreement.

4. Each Settling Plaintiff shall receive a proportional share of the Net Settlement Amount based on an allocation determined by Class Counsel. ("Individual Settlement Awards").

5. Under no condition will Defendants' collective liability for payments to the Settling Plaintiffs in this Lawsuit exceed the Net Settlement Amount. All payments to the Settling Plaintiffs shall be paid out of the Net Settlement Amount.

6. For each Individual Settlement Award payment made pursuant to this Agreement, Corporate Defendants will report each payment to government authorities including the Internal Revenue Service as required by law, and it shall make all required deductions and/or withholdings. The payments shall be allocated for reporting reasons as set forth below:

fifty percent (50%) shall be deemed payment in settlement of claims for overtime wages; and
fifty percent (50%) shall be deemed payment in settlement of claims for liquidated damages.

7. Those payments allocated to the settlement of claims for overtime wages shall be subject to required withholdings and deductions, and so the net amounts payable will be less than the gross amounts, and shall be reported in the year of payment as wage income to the relevant individual on a Form W-2 or analogous form. Those payments allocated to liquidated damages shall not be subject to required withholdings and deductions, and so the net amounts payable will be equal to the gross amounts and shall be reported in the year of payment as non-wage income to the individuals on a 1099 or other form as required by law.

8. Other than as set forth above, Corporate Defendants will not, unless otherwise required by law, make any deductions, withholdings or additional payments, including without limitation, medical or other insurance payments or premiums, employee 401(k) contributions or matching employer contributions, contributions to qualified or unqualified employee

retirement plans, wage garnishments or charity withholdings.

9. Other than the withholding and reporting requirements set forth above, the Settling Plaintiffs shall be solely responsible for the reporting and payment of the employee's share of any federal, state and/or local income tax, if any, on any of the payments made pursuant to this Agreement. Corporate Defendants acknowledge that they will be responsible for paying the employer's share of any applicable payroll taxes and that such obligation is in addition to the Net Settlement Amount. Defendants make no representations and it is understood and agreed that Defendants have made no representations as to the taxability of any portions of the settlement payments to any of the Settling Plaintiffs, the payment of any costs or an award of attorneys' fees, or any payments to Settling Plaintiffs. Settling Plaintiffs and Class Counsel agree that the allocations of the payments, including for the payment of attorneys' fees, are solely matters between the Settling Plaintiffs and Class Counsel or separately retained counsel, and Defendants have no responsibility or liability related thereto. Settling Plaintiffs agree to be responsible for all taxes due upon the consideration paid and agree to indemnify and hold harmless Defendants from any claims for taxes, interest and/or penalties claimed due as a result of the payment of said consideration.

II. PROCEDURAL STEPS FOR SETTLEMENT

Within 30 days of executing the Agreement, the Settling Plaintiffs shall move the Court for preliminary approval of the settlement terms. In support of that motion, Corporate Defendants shall provide a sworn statement explaining the financial condition of Defendants Anchor Insurance Holdings, Inc. and Lozano Insurance Adjusters and the effect of the financial position on the Defendants' ability to pay more than \$600,000 to settle the claims in the case as well as outlining that none of the Defendants have waived any defenses in this matter. The Settling Plaintiffs shall ask the Court to approve the settlement and find that the settlement is fair, reasonable and adequate, including the allowance for Attorneys' Fees and Costs and service payment, as set forth above. In the event that this settlement is not finalized, or does not receive final approval from the Court, no party shall use the foregoing provision for any purpose whatsoever in the Lawsuit or any other action or proceeding.

III. PAYMENT OF SETTLEMENT PROCEEDS AND ALLOCATIONS

A. Each Plaintiff will receive notice of the settlement from Class Counsel that shall include an estimate of her or his recovery under the settlement and shall explain her or his right to opt out of the settlement.

B. Each Plaintiff shall have a period of 30 days from the mailing of notice of the settlement to opt out of the settlement (Notice Period).

C. The statute of limitations on the claims of any Plaintiff who opts out of the settlement will be tolled from the earlier of August 2, 2019 (DE 53) or the date on which she or he filed a consent to sue in this action until 30 days after the Notice Period ends.

D. Within 30 days of the close of the Notice Period, Settling Plaintiffs will move the Court for final approval of this settlement and dismissal with prejudice of the all of the claims in the Lawsuit as defined above of those Plaintiffs who did not opt-out of the settlement.

E. Within 30 days of the Court's final approval of the settlement, the Corporate Defendants' designate will provide to Plaintiffs' Counsel checks for each of the Settling Plaintiffs participating in the settlement based on the allocations provided by the Class Counsel ("Settlement Checks").

F. Checks to individual Settling Plaintiffs shall be made payable to each Settling Plaintiff in the amounts as determined by Class Counsel. The checks will remain valid for 120 days from the date of issue. At the end of 120 days, any uncashed funds shall be re-allocated by Class Counsel among the Settling Plaintiffs who received and cashed their checks and Corporate Defendants shall issue checks based on that allocation. If the Parties agree that reallocation of uncashed funds is impractical, the funds will be given to a *cy pres* recipient of Class Counsel's choosing.

Each Settlement Check shall include a legend acknowledging that negotiation of the Settlement Check by a Settling Plaintiff constitutes agreement to the Individual Waiver and Release as further set forth below.

G. The Effective Date of the Individual Waiver and Release shall be the date of the Court's final approval of the settlement.

H. The Corporate Defendants will provide the tax reporting documents, i.e., W-2s and 1099s, in accordance with IRS provisions of the year after the checks are issued. The Defendants will provide a contact person within the entity issuing the checks whom Settling Plaintiffs will be able to contact with any questions regarding the tax accounting.

I. One of the Corporate Defendants will submit sworn affidavits each of the first three months and the fifth month after the checks are issued listing all the checks printed and sent to Class Counsel, their amounts, and indicating which checks have been cashed and which remain uncashed. One of the Corporate Defendants will provide partial social security numbers for any Settling Plaintiffs who have not cashed their checks within 60 days of issuance, or whose checks are returned as undeliverable.

J. One of the Corporate Defendants shall cancel and re-issue checks as necessary should an original check be lost, issued incorrectly, or result in some other issue that requires re-printing so long as such request is made within 120 days of the original issuance.

IV. RELEASE OF CLAIMS BY SETTLING PLAINTIFFS

A. As of the Effective Date, the Settling Plaintiffs release and covenant not to sue Defendants, and, without limitation, each of its past, present and future owners, stockholders, parent corporations, related or affiliated companies, subsidiaries, officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, attorneys, auditors, consultants, insurers and re-insurers, and its divisions, franchisees, successors and predecessors in interest, each of their company-sponsored employee benefit plans of any nature (including, without limitation, profit-sharing plans, pension plans, 401(k) plans and severance plans) and all of their respective officers, directors, shareholders, employees, insurers, administrators, fiduciaries, trustees and agents, in their individual and representative capacities, and any individual or entity which could be jointly liable with Defendants (the “Released Parties”) from the “Released Claims” as defined below.

B. Any Plaintiff who opts out of the settlement will not release any claims and will retain her or his right to pursue claims against any of the Defendants.

C. For purposes of this Agreement, the “Released Claims” are defined as: All claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, whether known or unknown, suspected or unsuspected, for overtime wages and claims for business expenses improperly incurred as a result of being misclassified as an independent contractor whether in tort, contract, statute, rule, ordinance, order, regulation or otherwise, or that arise under the FLSA, any state wage and hour laws, whether for economic damages, noneconomic damages, restitution, penalties, wages, liquidated damages, interest or attorneys’ fees or costs arising out of the claims at issue, including the causes of action asserted in the Lawsuit relating to the alleged failure to pay overtime compensation to claims adjusters, as well as any claim, whether asserted or unasserted, for failure to keep accurate records or failure to pay all earned overtime wages. The Released Claims shall not include any claims arising after the expiration of the Applicable Period.

D. Upon the execution of this Agreement by all Parties, the Settling Plaintiffs shall be deemed to have fully, finally and forever released, relinquished and discharged all Released Claims. In addition, the Settling Plaintiffs agree that the consideration paid to them pursuant to this Agreement compensates them for all overtime wages, to which they may be entitled to as a result of the alleged violations of the FLSA or any state law or regulation.

E. Each Settling Plaintiff will receive a Waiver and Release in the form attached hereto as Exhibit A along with their Settlement Check. Each Settlement Check shall include a legend acknowledging that by negotiating their Settlement Check Settling Plaintiffs are agreeing to the Waiver and Release.

V. PAYMENT OF COSTS AND ATTORNEYS’ FEES

A. Payments made pursuant to this Agreement for attorneys’ fees and costs in the amount that the Court deems reasonable shall constitute full satisfaction of any claim for

attorneys' fees and costs, and the Settling Plaintiffs and Class Counsel, on behalf of themselves and all Settling Plaintiffs, agree that they shall not seek nor be entitled to any additional attorneys' fees or costs under any theory related to the Lawsuit.

B. No party shall be deemed the prevailing party for any purpose, except that Defendants acknowledge that Settling Plaintiffs are entitled to an award of reasonable attorneys' fees under this Agreement as set forth above.

VI. PROPOSED FINAL JUDGMENT AND ORDER OF DISMISSAL

A. The Settling Parties shall request the Court to issue a Proposed Final Judgment and Order of Dismissal ("Proposed Final Judgment") in substantially the same form as Exhibit B attached to this Agreement, which shall, *inter alia*:

1. Confirm that the settlement is fair, reasonable, adequate, in good faith and in the best interests of the Settling Plaintiffs, as a whole, and order the Settling Parties to carry out the provisions of the Agreement;
2. Dismiss the Lawsuit with prejudice as to the Settling Plaintiffs;
3. Adjudge that the Settling Plaintiffs are conclusively deemed to have released Defendants and the Released Parties of and from any and all rights, claims, demands, liabilities, causes of action, liens and judgments arising out of the Released Claims;
4. Bar and permanently enjoin each of the Settling Plaintiffs from prosecuting against Defendants and the Released Parties any and all of the Released Claims which the Settling Plaintiffs had, have or may have in the future, arising out of, based upon, or otherwise related to any of the Released Claims; and
5. Reserve continuing jurisdiction to enforce this Agreement and as provided herein, including the entry of Exhibit C, in the event there is a default under this Agreement as set forth below.

B. Should Defendants fail to make timely and full payment as required under this Agreement, then after the giving of written notice and a seven (7) day period to cure, then Defendants agree that Class Counsel may request that the Court enter an Amended Judgment enforcing this Agreement against Defendants in the full amount of the Gross Settlement Amount, less any payments already made, in the form attached as Exhibit C.

VII. NULLIFICATION OF AGREEMENT

In the event the Court does not finally approve any material aspect of this Agreement for any reason, including without limitation the releases in the scope as set forth above, this Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this Agreement shall be treated as void *ab initio*, unless the Court has partially approved this settlement and the Settling Parties mutually agree to submit a revised settlement agreement that conforms to the Court's Order. In such event, the Parties and any funds to be awarded under this Agreement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had not been executed. However, the failure of the Court to award Class Counsel the full amount of attorneys' fees and costs requested by Class Counsel in their Motion for Award of Attorneys' Fees and Costs will not be a reason to nullify the Agreement.

VIII. MISCELLANEOUS PROVISIONS

A. The recitals set forth above are true and correct and incorporated herein by this specific reference.

B. Each party to this Agreement represents and warrants that he, she or it have not heretofore assigned or transferred, or purported to assign or transfer, any of the claims released pursuant to this Agreement to any other person and that he, she or it is fully entitled to compromise and settlement of same.

C. All questions with respect to the construction and interpretation of this Agreement and the rights and liabilities of the Parties hereto shall be governed by the laws of the State of Florida applicable to agreements to be wholly performed within the State of Florida. Any action at law, suit in equity, or other judicial proceeding arising out of or related to this Agreement shall be exclusively instituted and maintained in the federal courts covering Duval County, Florida, and each party waives the right to change venue.

D. Each party hereto acknowledges that he, she or it has been represented by counsel of his, her or its own choice throughout all of the negotiations that preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

E. The Settling Parties hereto agree to do such acts and execute all such documents necessary to effectuate the intent of this Agreement.

F. 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, and will be effective upon execution by all parties. Facsimile or electronic signatures shall be deemed original signatures for all purposes.

G. The headings contained in this Agreement are for reference purposes only and are not to be construed in any way as a part of the Agreement.

H. This Agreement represents the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and discussions. Each of the Settling Parties covenants that he, she or it has not entered into this Agreement as a result of any representation, agreement, inducement or coercion, except to the extent specifically provided herein. Each party further covenants that, the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by the all Parties hereto.

I. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, assigns and successors-in-interest.

J. Each party hereto has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party as the drafter of this Agreement.

K. In the event that any covenant or other provision herein is held to be invalid, void or illegal, the same shall be deemed severed from the remainder of this Agreement, and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein, except as specifically provided for above in the "Nullification of Agreement" section. Notwithstanding the foregoing, the release set forth above in this Agreement is an essential part of the Agreement. If such release is held not to be valid or is modified in any way, Defendants have no obligations under this Agreement.

L. All exhibits attached to this Agreement are hereby incorporated by reference as though set forth fully herein and are a material part of this Agreement. Any notice, order, judgment or other exhibit that requires the approval of the Court must be approved, without material alteration.

M. Each party hereto warrants and represents that each of the persons or entities executing this Agreement is duly empowered and authorized to do so.

N. The Court shall have continuing jurisdiction to resolve any disputes that may arise with regard to the terms and conditions of this Agreement as set forth herein.

IX. NOTICES

Any notices under this Agreement shall be made as follows:

To Plaintiffs:

Michael J.D. Sweeney
Getman, Sweeney & Dunn, PLLC
260 Fair Street
Kingston, NY 12401
msweeney@getmansweeney.com

To Defendants:

Linda Bond Edwards
Rumberger Kirk and Caldwell P.A.
101 N. Monroe St. Ste. 120 (32301)
P.O. Box 10507 (32302)
Tallahassee, FL
ledwards@rumberger.com

WHEREFORE, the Named Plaintiff on her own behalf and on behalf of the Settling Plaintiffs, and Defendants, by their duly authorized agent, have executed this Agreement as of the dates set forth below.

SHERI MOSELY

Dated: _____

LOZANO INSURANCE
ADJUSTERS, INC.

By: *Berlto Lozano*

Its: *President*

Dated: *4/30/2020*

Frank Lozano
FRANK LOZANO

Dated: *4/30/2020*

Lisette Lozano
LISETTE LOZANO

Dated: *4/30/2020*

ANCHOR INSURANCE HOLDINGS,
INC.

By: _____

Its: _____

Dated: _____

KEVIN PAWLOWSKI

Dated: _____

WHEREFORE, the Named Plaintiff on her own behalf and on behalf of the Settling Plaintiffs, and Defendants, by their duly authorized agent, have executed this Agreement as of the dates set forth below.

SHERI MOSELY

Dated: _____

LOZANO INSURANCE
ADJUSTERS, INC.

By: _____

Its: _____

Dated: _____

FRANK LOZANO

Dated: _____

LISETTE LOZANO

Dated: _____

ANCHOR INSURANCE HOLDINGS,
INC.

By:  _____

Its: General Counsel

Dated: 5/1/2020

KEVIN PAWLOWSKI

Dated: _____

WHEREFORE, the Named Plaintiff on her own behalf and on behalf of the Settling Plaintiffs, and Defendants, by their duly authorized agent, have executed this Agreement as of the dates set forth below.

SHERI MOSELY

Dated: _____

LOZANO INSURANCE
ADJUSTERS, INC.

By: _____

Its: _____

Dated: _____

FRANK LOZANO

Dated: _____

LISETTE LOZANO

Dated: _____

ANCHOR INSURANCE HOLDINGS,
INC.

By: _____

Its: _____

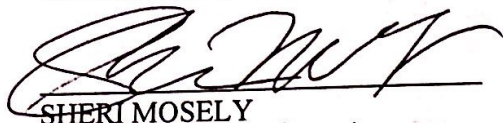
Dated: _____



KEVIN PAWLOWSKI

Dated: 5/1/2020

WHEREFORE, the Named Plaintiff on her own behalf and on behalf of the Settling Plaintiffs, and Defendants, by their duly authorized agent, have executed this Agreement as of the dates set forth below.


SHERI MOSELY

Dated: 5/1/20

LOZANO INSURANCE
ADJUSTERS, INC.

By: _____

Its: _____

Dated: _____

FRANK LOZANO

Dated: _____

LISETTE LOZANO

Dated: _____

ANCHOR INSURANCE HOLDINGS,
INC.

By: _____

Its: _____

Dated: _____

KEVIN PAWLOWSKI

Dated: _____