

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Small Business Administration (collectively the “United States”); The Bloom Firm, A Professional Corporation (“The Bloom Firm”), Lisa Bloom, and Braden Pollock (collectively “Defendants”); and Liberty Law Office (the “Relator”) (all hereinafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. The Bloom Firm is a professional corporation incorporated, and doing business, in California. Lisa Bloom is an attorney licensed with the State Bar of California and the CEO of The Bloom Firm. Braden Pollock is a former employee and business manager of The Bloom Firm.

B. On August 3, 2021, Liberty Law Office, Inc. filed a qui tam action in the United States District Court for the Central District of California captioned *United States ex rel. Liberty Law Office, Inc. v. The Bloom Firm, et al.* No. 21-cv-06279, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). Relator alleges that Defendants made or caused to be made false statements regarding the number of The Bloom Firm’s employees and/or average monthly payroll expenses in support of the Bloom Firm’s applications to receive loan funds under the Paycheck Protection Program (“PPP”).

C. The PPP was established pursuant to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The CARES Act, which was enacted in March 2020, was designed to provide emergency financial assistance to millions of Americans



suffering economic effects caused by the COVID-19 pandemic. Section 1102(a)(2) of the CARES Act amended Section 7(a) of the Small Business Act, 15 U.S.C. §§ 631-657u, and authorized forgivable loans to eligible small businesses for employee payroll and certain other expenses, through the PPP. The Small Business Administration (“SBA”) administers the PPP and guarantees PPP loans up to the full amount of the loan.

D. Under the requirements of the CARES Act, as modified by the Paycheck Protection Program Flexibility Act of 2020, Pub. L. No. 116-142, 134 Stat. 641 (June 5, (2020), an eligible recipient seeking loan forgiveness must certify that “the amount for which forgiveness is requested was used to retain employees.” The borrower, through its authorized representative further certifies that the business “did not reduce the number of employees . . . other than any reductions that arose from an inability to rehire individuals who were employees on February 15, 2020, if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020.”

E. The United States contends that it has certain civil claims against The Bloom Firm, Lisa Bloom, and Braden Pollock arising from The Bloom Firm’s first draw PPP loan forgiveness application submitted on or around August 18, 2021. Specifically, at the direction and with the assistance of Lisa Bloom and Braden Pollock, The Bloom Firm applied for loan forgiveness based upon the certification that the amount requested was used for eligible payroll costs to retain employees and that The Bloom Firm did not reduce the number of employees other than any reductions that arose from an inability to rehire the same or similarly qualified employees. In fact, The Bloom Firm sought forgiveness for certain payroll costs during the period from March 1, 2020, through August 18, 2021, that were ineligible, because the payroll costs were for: four (4)

individuals who were hired by the firm but did not hold the same qualifications or perform the same work as employees they replaced; one (1) former employee who did not perform any work during the covered period of the loan; and two (2) senior management employees who, though counted as employees in previous years, were not counted as employees at the time of the first draw loan application, but were nevertheless added to weekly payroll. The conduct described in this paragraph is referred to below as the Covered Conduct.

F. Defendants deny the United States' allegations in Paragraph E and Relator's allegations in the Civil Action.

G. This Settlement Agreement is neither an admission of liability by Defendants nor a concession by the Government that its claims are not well founded.

H. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The Bloom Firm, Lisa Bloom, and Braden Pollock shall pay to the United States two-hundred seventy-four thousand, nine-hundred sixty-nine dollars and thirty-two cents (\$274,969.32) ("Settlement Amount"), of which \$108,153.10 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice, and in the following manner:

a. Within forty-five (45) days of the Effective Date of this Agreement, The Bloom Firm will make a payment to the United States in the amount of two-hundred and four thousand, two-hundred dollars and thirty-four cents (\$204,200.34).

b. Within forty-five (45) days of the Effective Date of this Agreement, Lisa Bloom will make a payment to the United States in the amount of thirty-five thousand, three-hundred eighty-four dollars and forty-nine cents (\$35,384.49).

c. Within forty-five (45) days of the Effective Date of this Agreement, Braden Pollock will make a payment to the United States in the amount of thirty-five thousand, three-hundred eighty-four dollars and forty-nine cents (\$35,384.49).

2. In the event that The Bloom Firm, Lisa Bloom, or Braden Pollock fail to complete any of the payments set forth in Paragraph 1 by the date upon which it is due, The Bloom Firm, Lisa Bloom, and Braden Pollock shall be in Default of their payment obligations ("Default"). Upon Default, the United States will provide The Bloom Firm, Lisa Bloom, and Braden Pollock, through their legal counsel or other representative previously designated, by electronic mail a written Notice of Default, and The Bloom Firm, Lisa Bloom, and Braden Pollock shall have an opportunity to cure such Default within seven calendar days from the date of receipt of the Notice of Default by making the payment due under the payment schedule. If The Bloom Firm, Lisa Bloom, and Braden Pollock fail to cure the Default with seven calendar days of receiving the Notice of Default ("Uncured Default"), the unpaid balance of the payment set forth in Paragraph 1 shall become immediately due and payable, and interest on such amount shall accrue at the rate of 12.00% per annum, compounded daily from the date of Default.

3. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$43,995.09 to Relator by electronic funds transfer (Relator's Share).

4. As of the Effective Dates of this Agreement, Defendants and Relator's counsel are unable to agree on reasonable attorneys' fees and costs under 31 U.S.C. § 3730(d). Accordingly, such attorneys' fees and costs will be addressed separately.

5. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon the United States' receipt of the payments set forth in Paragraphs 1a–c, the United States releases The Bloom Firm, Lisa Bloom, and Braden Pollock from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

6. Subject to the exceptions in Paragraph 7 below, and upon the United States' receipt of the Settlement Amount, Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases The Bloom Firm, Lisa Bloom, and Braden Pollock from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

7. Notwithstanding the releases given in Paragraph 5 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals, except Lisa Bloom and Braden Pollock;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

8. Relator and its heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and its heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from

any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

9. Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases The Bloom Firm, and its officers, agents, and employees, as well as Lisa Bloom and Braden Pollock, from any liability to Relator arising from the filing of the Civil Action except for claims that the Relator has under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs, which will be addressed by separate agreement.

10. The Bloom Firm, Lisa Bloom, and Braden Pollock waive and shall not assert any defenses The Bloom Firm, Lisa Bloom, and Braden Pollock may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

11. The Bloom Firm, Lisa Bloom, and Braden Pollock fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that The Bloom Firm, Lisa Bloom, and Braden Pollock have asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

12. The Bloom Firm, Lisa Bloom, and Braden Pollock fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of

every kind and however denominated) that The Bloom Firm, Lisa Bloom, and Braden Pollock has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof. The foregoing release shall not include the amended judgment obtained in *Micha Star Liberty et. al. v. Lisa Bloom, et. al.*, Alameda County Superior Court case no. HG20079536 nor any awards, causes, claims, judgments, rights, or remedies The Bloom Firm or Bloom has now or may have in the future concerning *In re Micha Star Liberty*, United States Bankruptcy Court for the Northern District of California, case no. 24-40401.I

13. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of The Bloom Firm, its present or former officers, directors, employees, shareholders, and agents, Lisa Bloom, and Braden Pollock, in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) The Bloom Firm, Lisa Bloom, and Braden Pollock's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;

- (5) the payments The Bloom Firm, Lisa Bloom, and Braden Pollock make to the United States pursuant to this Agreement and any payments that The Bloom Firm, Lisa Bloom, and Braden Pollock may make to Relator, including costs and attorneys' fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by The Bloom Firm, Lisa Bloom, and Braden Pollock, and they shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, The Bloom Firm, Lisa Bloom, and Braden Pollock shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by The Bloom Firm, Lisa Bloom, and Braden Pollock or any of their subsidiaries or affiliates from the United States. The Bloom Firm, Lisa Bloom, and Braden Pollock agree that the United States, at a minimum, shall be entitled to recoup from The Bloom Firm, Lisa Bloom, and Braden Pollock any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine The Bloom Firm, Lisa Bloom, and Braden Pollock's books and records and to disagree with any

calculations submitted by The Bloom Firm, Lisa Bloom, and Braden Pollock or any of their subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by The Bloom Firm, Lisa Bloom, and Braden Pollock, or the effect of any such Unallowable Costs on the amount of such payments.

14. This Agreement is intended to be for the benefit of the Parties only.

15. Upon receipt of the payment described in Paragraph 1, above, the United States and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). The dismissal shall be subject to the terms of the Settlement Agreement, and shall be: (1) with prejudice to the United States and Relator for the Covered Conduct; and (2) with prejudice to the Relator and without prejudice to the United States for all conduct other than the Covered Conduct.

16. Except as provided in any separate agreement between Defendants and Relator for expenses or attorneys' fees and costs under 31 U.S.C. § 3730(d), each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

17. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

18. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Central District of California. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to

this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

19. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

20. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

21. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

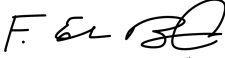
22. This Agreement is binding on The Bloom Firm, Lisa Bloom, and Braden Pollock's successors, transferees, heirs, and assigns.


23. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

24. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

25. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: August 2, 2024 BY: 
F. Elias Boujaoude
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

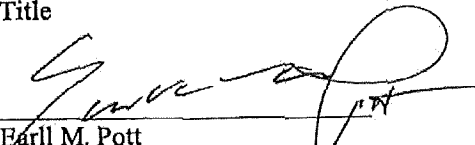
DATED: 7/29/2024 BY: 
Aaron Kollitz
Assistant United States Attorney
Central District of California

THE BLOOM FIRM, A PROFESSIONAL CORPORATION

DATED: 7/10/2024 BY: Lisa Bloom
The Bloom Firm
Lisa Bloom

Printed Name
Owner

Title

DATED: 7/26/24 BY: 
Earl M. Pott
601 W Broadway, Suite 1100
San Diego, CA 92101

Counsel for The Bloom Firm

DATED: 7/10/2024 BY: LISA BLOOM
Lisa Bloom
Lisa Bloom

DATED: 7/10/24 BY: *[Signature]*
Earl M. Pott
501 W Broadway, Suite 1100
San Diego, CA 92101
Counsel for Lisa Bloom

DATED: 7/10/2024 BY: BRADEN POLLOCK
Braden Pollock
Braden Pollock

DATED: 7/10/24 BY: *[Signature]*
Earl M. Pott
501 W Broadway, Suite 1100
San Diego, CA 92101
Counsel for Braden Pollock

LIBERTY LAW OFFICE, INC.- RELATOR

DATED: 7/25/24 BY: Micha Star Liberty
Liberty Law Office, Inc.
Micha Star Liberty
Printed Name
Former CEO
Title

DATED: 7/25/24 BY: Micha Star Liberty

Micha Star Liberty
1999 Harrison Street, Ste 1800
Oakland, CA 94612

Counsel for Liberty Law Office, Inc.

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SENT BY Marcelino Valencap
marcelino@thebloomfirm.com

COMPLETED BY Lisa Bloom
lisa@thebloomfirm.com

Braden Pollock
braden@thebloomfirm.com

 Signed July 10, 2024 15:39 PDT
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