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Attorneys for Plaintiff CARLA COLLINS
and the certified Class

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

CARLA COLLINS on behalf of herself, and all others similarly situated, and all aggrieved employees,

Plaintiff,

v.

NATIONAL INSURANCE INSPECTION SERVICES, INC.; and DOES 1 through 50, inclusive,

Defendants.

Case No: 20STCV15619

CLASS AND REPRESENTATIVE ACTION

Assigned to
Honorable Elaine Lu, Dept. 9

CLASS ACTION

PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

Date: July 10, 2025
Time: 10:00 a.m.
Dept. 9

Complaint Filed: April 22, 2020
FAC Filed: June 24, 2020
Trial: Not Set

PLEASE TAKE NOTICE THAT on July 10, 2025 at 10:00 a.m., or as soon thereafter as the matter may be heard, in Department 9 of the above-entitled Court, located at Spring Street Courthouse, 312 North Spring Street, Los Angeles, California 90012, Plaintiff Carla Collins will and hereby does move for an Order: (1) preliminarily approving the proposed class action settlement in the above-captioned certified class action, (2) provisionally certifying the settlement class, (3) approving the appointment of settlement class counsel, settlement class representative, and a settlement administrator, (4) approving and directing distribution of the Notice of Class and PAGA Action Settlement to the settlement class, and (5) setting a final fairness and approval hearing.

This Motion is made pursuant to Rule 3.769 of the California Rules of Court, which provides for court approval of the settlement of a class action. The basis for this Motion is that the proposed settlement is fair, adequate, and reasonable and in the best interests of the settlement class, and that the procedures proposed are adequate to ensure the opportunity of the proposed settlement Class Members to participate in, opt out of, or object to the settlement.

This Motion will be based on the Memorandum of Points and Authorities set forth herein, the Joint Stipulation of Class and PAGA Action Settlement and Release of Claims, the Declarations of Eric A. Grover and Robert W. Spencer and such evidence or oral argument as may be presented at the hearing, and on the complete records and file herein.

Respectfully submitted,

Dated: April 18, 2025

KELLER GROVER LLP

By: ______________________________
ERIC A. GROVER
Attorneys for Plaintiff and the certified Class

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This is a certified class action brought by Plaintiff and Class Representative Carla Collins ("Plaintiff") against National Insurance Inspection Services, Inc. ("Defendant") on behalf of herself and a certified class of approximately 569 individuals who performed real property inspections for Defendant in California between April 22, 2016 and May 30, 2024.[1] The certified class claims are based on Defendant's alleged misclassification of Class Members as independent contractors and resulting failure to pay wages for all hours worked, pay overtime wages, provide meal periods and rest breaks, and reimburse out-of-pocket business expenses.[2] Plaintiff alleges that Defendant violated various provisions of the California Labor Code and Business and Professions Code §§ 17200, *et seq.*[3] Plaintiff also alleges that Defendant violated the Private Attorneys General Act of 2004, Labor Code §§ 2698, *et seq.* ("PAGA"), and seeks PAGA penalties on behalf of all aggrieved individuals and California's Labor and Workforce Development Agency ("LWDA").[4]

Plaintiff now seeks the Court's preliminary approval of a proposed settlement of the certified class action and PAGA action, the terms of which are set forth in the Joint Stipulation of Class and PAGA Action Settlement and Release of Claims ("Stipulation") executed by Plaintiff and Defendant (the "Parties").[5] After years of litigation, the Parties reached the Stipulation after they engaged in arm's-length settlement negotiations through their experienced counsel.[6] The negotiations included multiple formal mediation sessions, finally reaching an agreement to resolve the case in the third session with Brandon McKelvey, Esq., a well-respected mediator experienced in wage and hour class actions.[7] The parties exchanged extensive formal and

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[1] Declaration of Eric A. Grover submitted herewith, at ¶¶ 1, 9, Ex. B (the operative First Amended Complaint ("FAC")). Hereinafter, all "Ex." references are to the exhibits attached to the Grover Declaration.
[2] Grover Decl. at ¶ 9, Ex. B (FAC); Ex. D (the Court's Rulings/Orders re: Motion for Class Certification dated January 12, 2024 ("Class Cert. Order").
[3] Ex. B (FAC at ¶¶ 48-63, 71-78, 86-90, 98-101, 109-126, 141-149).
[4] Ex. B (FAC at ¶¶ 64-70, 79-85, 91-97, 102-108, 127-140, 150-156).
[5] Grover Decl. ¶ 5, Ex. A (the Stipulation).
[6] Grover Decl. at ¶¶ 6-12.
[7] Ex. A at § II.B; Grover Decl. at ¶ 12.

informal discovery prior to the mediation, which enabled productive discussions.[8]

The Settlement represents a good result for the certified Class Members. To settle the matter, Defendant is required to pay a total of $950,000 (including $935,500 in "new money"), referred to as the Maximum Settlement Amount ("MSA").[9] The Settlement will result in an average gross payment of approximately $876.69 to those Class Members who do not opt out of the settlement, on terms that Plaintiff believes to be fair, reasonable and adequate.[10]

The Settlement also provides that the representative PAGA claims will be settled for $25,000, referred to as the PAGA Payment.[11] As Labor Code § 2699(i) requires, the PAGA Payment will be distributed 75% ($18,750) to the California Labor and Workforce Development Agency ("LWDA") and 25% ($6,250) to Aggrieved Individuals.[12] From the $6,250 allocated to Aggrieved Individuals, each Aggrieved Individual will receive an Individual PAGA Payment based the number of Qualified Pay Periods worked.[13]

For the foregoing reasons, Plaintiff respectfully requests that the Court take the following actions solely for the purposes of settlement: (a) grant preliminary approval of the Stipulation, (b) conditionally grant certification of the proposed settlement Class, (c) reappoint Plaintiff Carla Collins as settlement Class Representative, (d) reappoint Eric A. Grover and Robert W. Spencer of Keller Grover LLP as Class Counsel, (e) approve the appointment of Phoenix Settlement Administrators ("Phoenix") as the Settlement Administrator, (f) authorize the mailing of the Notice of Class and PAGA Action Settlement, and (g) schedule a final fairness and approval hearing.

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[8] Ex. A at § II.B; Grover Decl. at ¶¶ 7, 12, 39.
[9] Ex. A at §§ I.V, III.A, III.M; Grover Decl. at ¶ 20. The MSA is comprised of $935,000 in "new money" in addition to the sum of $14,500 which Defendant has already paid out to 29 putative class members to obtain individual releases following the filing of the Action (referred to in the Stipulation as "the Pick Up Stix Payment"). Ex. A at §§ I.V.
[10] *See Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801-02; Grover Decl. at ¶ 21 ($498,833 estimated Net Settlement Amount/569 Class Members = $876.69), *see also*, ¶¶ 30-32; Ex. A at §§ I.H, I.S, I.W, I.QQ.
[11] Ex. A at §§ I.Z, III.M.5. *See* Lab. Code § 2699(l)(2).
[12] Ex. A at §§ I.Z, III.M.5.
[13] Ex. A at §§ I.C, I.R, I.JJ, III.M.2.b, III.M.5; Grover Decl. at ¶ 32.

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II. SUMMARY OF PROCEDURAL BACKGROUND AND CLAIMS

On April 22, 2020, Plaintiff filed the putative class action complaint in Los Angeles County Superior Court. Plaintiff filed the operative First Amended Complaint filed on June 24, 2020. Plaintiff brought the action on behalf of herself and a class of individuals classified by Defendant as independent contractors who work or worked for Defendant in California as real property inspectors on or after April 22, 2016. Plaintiff alleged that Defendant misclassified Class Members to avoid its obligations to employees under California law. Plaintiff alleged claims for unpaid wages, unpaid overtime, missed meal periods and rest breaks, inaccurate wage statements, untimely pay, untimely termination pay, and unreimbursed business expenses. Plaintiff asserted that Defendant's practices and policies violated Labor Code §§ 201-203, 221, 224, 226(a), 226.7, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2775(b)(1) and 2802 and related provisions of IWC Wage Order 4, and Business & Professions Code §§ 17200, *et seq.*[14] Plaintiff also alleged related representative PAGA claims based on the Labor Code violations just mentioned as well as violations of §§ 204, 226.8 and 432.5.[15]

There has been extensive discovery and motion practice in this action. The Parties engaged in formal discovery, which included depositions, written discovery and document productions.[16]

On August 8, 2023, the Court conditionally granted class certification subject to Plaintiff submitting an updated trial plan addressing certain issues.[17] The Parties agreed to continue the supplemental briefing schedule to engage in mediation. When that mediation was unsuccessful, the Court issued its unconditional class certification order on January 12, 2024.[18]

The certified Class is defined as "All individuals who work or have worked for National Insurance Inspection Services, Inc. in California who are or were classified as independent

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[14] Grover Decl. at ¶ 6; Ex. B (FAC). The FAC alleges that Defendant violated § 2750.3 but that statute has been repealed and replaced with § 2775.
[15] Ex. B (FAC).
[16] Grover Decl. at ¶¶ 7, 12, 14, 39.
[17] Ex. C (Final Rulings/Orders re: Motion for Class Certification dated Aug. 8, 2023).
[18] Ex. D (Class Cert. Order).

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contractors at any time between April 22, 2016 and May 30, 2024."[19] The Court also certified subclasses for each category of claims.[20] There are approximately 569 certified Class Members.[21]

Prior to certification, Defendant obtained individual release agreements from 29 real property inspectors who would have otherwise been Class Members. Defendant paid $500 to each of those 29 releasees, for a total of $14,500.[22]

Defendant has denied all the allegations in their entirety. To date, no court has made any findings that Defendant engaged in any wrongdoing or in any wrongful conduct or otherwise acted improperly or in violation of any state law, rule or regulation, with respect to the issues presented in the litigation.[23]

After the Parties had conducted considerable formal discovery and the Class had been certified, the next step was to proceed with the three-phase trial. At that point, the Parties revisited the possibility of settlement. To that end, the Parties participated in what was their third formal mediation session on January 22, 2025; this time with Brandon McKelvey, Esq., a highly regarded mediator with extensive experience mediating wage and hour class actions. With Mr. McKelvey's assistance, the Parties were able to resolve the case at the third mediation.[24] The mediated negotiations resulted in the Parties reaching an agreement to settle the entire action, subject to the Court's approval.[25] All terms of the parties' settlement are set forth in the Stipulation.[26]

At the time the final settlement was reached, Defendant had provided relevant documents and information, including:

(A) The number of Class Members:

- There are approximately 569 Class Members.

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[19] Ex. D (Class Cert. Order at 1).
[20] Ex. D (Class Cert. Order at 1-2).
[21] Grover Decl. at ¶ 13.
[22] Grover Decl. at ¶ 10; Ex. A at § I.V.
[23] Ex. A at § II.D.
[24] Ex. A at § II.B; Grover Decl. at ¶ 12.
[25] *Id.*
[26] Grover Decl. at ¶ 12; *see generally*, Ex. A.

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(B) The number of days on which Class Members performed at least one Qualified Inspection during the Class Period:

- Class Members performed Qualified Inspections on approximately 61,672 days during the Class Period.

(C) The total pay periods during the PAGA Period:

- Real Property Inspectors worked approximately 18,800 pay periods during the PAGA Period.[27]

III. SUMMARY OF THE SETTLEMENT TERMS

A. The Settlement Class and Aggrieved Individuals.

The Parties agreed that, for purposes of settlement only, the settlement class should be defined as:

> All individuals classified as independent contractors by Defendant who performed inspections in California as real property inspectors at any time between April 22, 2016 and May 30, 2024, inclusive who have not signed release agreements or opt-ed out of the Action.[28]

The settlement class definition is substantively the same as the certified Class definition.[29] The Class Period – which matches the class period from the Class Certification Order -- is the period from and including April 22, 2016 through May 30, 2024.[30] In this brief, the proposed settlement class members are referred to as the "Class Members."

For the PAGA claims, the Stipulation defines "Aggrieved Individuals" to mean "all current and former real property inspectors who contracted with Defendant in California at any time or times during the PAGA Period."[31] The PAGA Period is the period from and including April 16, 2019 through January 22, 2025.[32]

B. Notice Procedure and Settlement Process.

The proposed Notice of Class and PAGA Action Settlement ("Notice") explains in plain language the nature of the lawsuit, terms of the settlement, Class Members' rights, the expected settlement payment that each Class Member can expect to receive, the steps necessary for a Class

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[27] Grover Decl. at ¶ 13.
[28] Ex. A at § I.H; Grover Decl. at ¶ 14.
[29] Ex. A at § I H; *see* Ex. D (Class Cert. Order at 1).
[30] Ex. A at § I.I; *see* Ex. D (Class Cert. Order at 1); *see also*, Grover Decl. at ¶ 15.
[31] Ex. A at § I.C.
[32] Ex. A at § I.AA.

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Member to dispute the information used to calculate his or her settlement payment, and the steps necessary to request exclusion from or object to the settlement.[33]

"PAGA has no notice requirements for unnamed aggrieved employees, nor may such employees opt out of a PAGA action."[34] Even so, the Notice will inform the Class Members and Aggrieved Individuals of the PAGA Settlement and the amount of the Individual PAGA Payment that the Aggrieved Individuals can expect to receive.[35]

The Parties agreed upon a notice procedure that is intended to ensure the highest number of Class Members receive the Notice. Phoenix Settlement Administrators ("PSA"), the company that the Parties selected to handle the Notice and settlement administration, will mail the Notice to Class Members based on contact information Defendant will provide from its records.[36] In the event any Notices are returned by the post office as undeliverable, the proposed notice procedure requires PSA to perform reasonable searches to attempt to locate Class Members' correct addresses.[37]

The settlement provides all Class Members with the opportunity to request exclusion from the settlement or object to the settlement terms.[38] Class Members will have 45 days from the date the Settlement Administrator mails the Notices to opt out of or object to the Settlement.[39]

Class Members are not required to submit a claim in order to participate in the Settlement and receive an Individual Settlement Payment.[40] The Notices will be individualized to state each Class Member's number of Qualified Inspections and Qualified Pay Periods.[41] The Notices also will state the Settlement Administrator's calculation of each Class Member's estimated gross Individual Settlement Payment if that Class Member does not request exclusion from the Settlement and each Aggrieved Individual's estimated Individual PAGA Payment.[42] Class

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[33] Ex. A at §§ I.X, III.L.2, Stipulation Exhibit 1; Grover Decl. at ¶¶ 36-38.
[34] *Baumann v. Chase Inv. Servs. Corp.* (9th Cir. 2014) 747 F.3d 1117, 1122.
[35] Ex. A at §§ III.L.2.a and III.L.2.b, Stipulation Exhibit 1; Grover Decl. at ¶ 36.
[36] Ex. A at §§ III.L.1, III.L.3.
[37] Ex. A at § III.L.4.
[38] Ex. A at §§ III.L.7 and III.L.8.
[39] Ex. A at §§ I.NN, III.L.7.a. and III.L.8.a.
[40] *See* Ex. A at §§ I.S, III.M.2.a; Grover Decl. at ¶ 29.
[41] Ex. A at § III.L.2.b; *see also*, §§ I.II, I.JJ.
[42] Ex. A at § III.L.2.b; s*ee also*, §§ I.R., I.S.

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Members will have the ability to dispute the number of Qualified Inspections stated on the individualized Notices.[43]

C. Benefits to the Class.

Plaintiff believes the settlement provides fair and adequate benefits for the Class Members. Although the maximum theoretical damages of the remaining claims exceed the Net Settlement Amount ("NSA"), the defenses to those claims discussed in the Grover Declaration warrant a substantial discount.[44]

Further, recent California Supreme Court case law has interpreted the "good faith" defense in a manner that makes it more difficult for employees to obtain certain penalties, including Labor Code §§ 203 waiting time and 226(e)(1) penalties.[45] *Naranjo II* found that, if an employer who reasonably believes that its conduct was lawful, it will not be subject to penalties that are intended to deter willful or intentional misconduct.[46] In other words, *Naranjo II* approved a relatively low bar for establishing a good faith defense to avoid Labor Code §§ 203 and 226(e)(1) penalties.[47]

Taking those factors into account, Class Counsel believes the proposed allocations of the NSA to be fair and reasonable and a good compromise for the damages of absent Class Members.[48]

The settlement provides that Defendant will pay a Maximum Settlement Amount of $950,000[49] to resolve the claims covered by the settlement.[50] After subtracting out the amounts allocated to pay the Settlement Administration Costs (capped at no more than $10,000), the

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[43] Ex. A at § III.L.5.
[44] Grover Decl. at ¶¶ 19-27, 39-41.
[45] *Naranjo v. Spectrum Sec. Serv., Inc.* (2024) 15 Cal.5th 1056, 1077-81 ("*Naranjo II*"). Although the Court addressed whether a good faith defense exists for Labor Code § 226(e)(1)'s "knowing and intentional" requirement, the Court did so by analyzing the "willfulness" requirement for § 203 penalties, finding the two should be harmonized. *Id.*; *see*, Grover Decl. at ¶ 23.
[46] *Naranjo II*, *supra*, 15 Cal.5th at 1077-81.
[47] *Id.* at 1078 ("'[s]o long as no other evidence suggests the employer acted in bad faith, presentation of a good faith defense, based in law or fact, will negate a finding of willfulness,'" quoting *Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1204 and citing other cases).
[48] Grover Decl. at ¶¶ 19-27, 39-41; *see also*, ¶¶ 30-32.
[49] As previously noted, the MSA is comprised of $935,000 in "new money" in addition to the sum of $14,500 which Defendant has already paid out via the Pick Up Stix Payment. Ex. A at § I.V.
[50] Ex. A at §§ I.V, III.M; Grover Decl. at ¶¶ 19-20.

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PAGA Payment ($25,000), a credit for the Pick Up Stix Payment ($14,500), the Class Counsel Award ($316,667 in fees and costs estimated not to exceed $75,000), and the Class Representative Incentive Award/General Release Payment (estimated to be $10,000) from the Maximum Settlement Amount, the NSA is an estimated $498,833.[51] The NSA will be distributed to all Settlement Class Members, *i.e.*, all Class Members who do not timely opt out, based on the formula set forth in the Stipulation, summarized below.[52] There is no reversion of the MSA to Defendant.[53]

D. Payments to Settlement Class Members.

The Stipulation provides that NSA will be distributed proportionally based on the number of Qualified Inspections each Settlement Class Member performed during the Class Period.[54] Each Settlement Class Member will be assigned a share calculated by dividing his or her total number of Qualified Inspections by the total number of Qualified Inspections for the entire Settlement Class, which is that person's Payment Ratio.[55] The Payment Ratio then will be multiplied by the NSA to determine that Settlement Class Member's Individual Settlement Payment, except that no gross Individual Settlement Payment will be less than $25.[56] Settlement Class Members are not required to submit a claim to receive an Individual Settlement Payment.[57]

If no Class Member opts out, the average Individual Settlement Payment would be approximately $876.69 ($498,833/569).[58] For the reasons explained above, including the various defenses and other risks of litigation, the proposed settlement amount is reasonable under the circumstances.[59]

E. Payments to the Aggrieved Individuals and State

The Parties have agreed to allocate $25,000 of the MSA to settle the PAGA claims,

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[51] Ex. A at § I.W; Grover Decl. at ¶ 21.
[52] Ex. A at § III.M.2.a; *see also*, §§ I.H, I.S, I.W, I.QQ; Grover Decl. at ¶ 21.
[53] Ex. A at § III.M; *see also*, § I.V.
[54] Ex. A at § III.M.2.a; *see also*, §§ I.I, I.S, I.II, I.QQ; Grover Decl. at ¶¶ 30.
[55] Ex. A at § III.M.2.a; *see also*, §§ §§ I.I, I.S, I.EE, I.QQ.
[56] Ex. A at § III.M.2.a; *see also*, §§ I.S, I.EE.
[57] Ex. A at § III.M.2.a; Grover Decl. at 29.
[58] Grover Decl. at ¶ 21; *see* Ex. A at § I.S, I.W, I.QQ, III.M.2.a.
[59] *See* Grover Decl. at ¶¶ 11-12, 22-24, 40-41.

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referred to as the PAGA Payment.[60] Labor Code § 2699(i) requires that the LWDA receive 75% ($18,750) of the PAGA settlement amount and Aggrieved Individuals receive 25% ($6,250).[61]

To distribute the 25% allocated to the Aggrieved Individuals, the Settlement Administrator will distribute Individual PAGA Payments according to the formula set forth in the Settlement Agreement.[62] The Settlement Administrator will divide the respective Qualified Pay Periods for each Aggrieved Individual by the total Qualified Pay Periods for all Aggrieved Individuals, resulting in the Payment Ratio for each Aggrieved Individual.[63] Each Aggrieved Individual's Payment Ratio then will be multiplied by the $6,250 portion of the PAGA Payment allocated to the Aggrieved Individuals to calculate each Individual PAGA Payment.[64]

F. The scope of the Release applicable to Settlement Class Members.

The scope of the release is narrowly tailored to the claims certified by the Court in connection with the Class Certification Order.[65] The release is also temporally limited to the Class Period.[66]

G. The PAGA Release.

The settlement provides a separate PAGA Release through which Plaintiff, individually and as representative acting as a proxy or agent of the LWDA, a State of California Executive Branch Agency, releases the Released Parties of and from any and all claims for civil penalties, attorneys' fees, and litigation costs under PAGA, as alleged in the operative Complaint for the PAGA Period (the "PAGA Released Claims").[67] No individual Class Members or Aggrieved Individuals are providing a PAGA Release.[68]

H. The Class Representative Incentive Award/General Release Payment.

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60 Lab. Code § 2699(f); Ex. A at §§ I.Z, III.M.5.
61 Lab. Code § 2699(i); *see* Ex. A at § I.Z.
62 Ex. A at § III.M.2.b; *see* §§ I.C, I.R.
63 Ex. A at § III.M.2.b; *see also*, §§ I.R, I.Z, I.DD, I.JJ; Grover Decl. at ¶ 32. Qualified Pay Periods are all pay periods (as reflected in Defendant's records) during which one or more Aggrieved Individual performed work for Defendant in California during the PAGA Period. Ex. A at § I.JJ.
64 Ex. A at § III.M.2.b; *see also*, §§ I.C, I.R, I.Z, I.DD; Grover Decl. at ¶ 32.
65 Ex. A at § III.B; *see also*, §§ I.LL, I.MM *see* Ex. D; Grover Decl. at ¶ 33.
66 Ex. A at § III.B; Grover Decl. at ¶ 33; *see* Ex. D.
67 Ex. A at § III.D, *see also*, §§ I.AA and I.BB, I.LL, I.MM; Grover Decl. at ¶ 34.
68 Grover Decl. at ¶ 34; *see* Ex. A at § III.D.

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The Stipulation provides for a reasonable enhancement for Plaintiff Collins.[69] Plaintiff Collins is the Class Representative and the proposed settlement Class Representative and has actively and aggressively represented the Class Members during this years-long litigation. The service award is intended to compensate Plaintiff Collins for her service as Class Representative and the risks she took and the time and effort she expended in coming forward to provide invaluable information in support of the claims alleged in the FAC. Plaintiff Collins also will provide a general release of her claims against Defendant that is much broader than the release that will apply to the Settlement Class Members.[70]

Subject to the Court's approval, the settlement provides that Plaintiff Collins will receive $10,000 as a Class Representative Incentive Award/General Release Payment.[71] The service award is approximately one percent of the Maximum Settlement Amount.[72] The settlement provides that any amount allocated to the service award that the Court does not approve will become part of the NSA.[73] With the application for final approval, Plaintiff will submit a declaration detailing the time and effort she put into this case.[74]

I. Attorneys' fees and costs.

The Stipulation also provides that, at final approval, Class Counsel will seek an award of attorneys' fees not to exceed one-third (33.33%) of the MSA, *i.e.*, $316,667 of the $950,000 MSA, and actual costs and litigation expenses, which are estimated not to exceed $75,000, referred to collectively as the Class Counsel Award.[75] The fee request of 33.33% of the MSA is reasonable given the time invested in the case and the amount that will be paid to the 569 Class Members. With the final application, Class Counsel will provide information regarding the hours spent litigating this case.[76] The settlement provides that any amount allocated to the Class

[69] Ex. A at § III.M.3, *see also*, §§ I.K, I.J; Grover Decl. at ¶¶ 21, 35, 42.
[70] *Compare* Ex. A at § III.C with § III.B; Grover Decl. at ¶ 42.
[71] Ex. A at § III.M.3; *see also*, § I.J.
[72] *See* Ex. A at §§ III.M and III.M.3.a.
[73] Ex. A at § III.M.3.b.
[74] Grover Decl. at ¶ 42.
[75] Ex. A at §§ I.F, III.M.4; *see also*, §§ I.E, I.W; *see* Grover Decl. at ¶¶ 21, 47.
[76] Grover Decl. at ¶ 47.

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Counsel Award that the Court does not approve will become part of the NSA.[77]

J. Administration costs.

The Stipulation allocates up to $10,000 of the MSA for the costs of settlement administration, subject to the Court's approval.[78]

K. Residual funds.

All settlement checks issued to Settlement Class Members will be valid for 180 days from the date of issuance.[79] The settlement provides that, after the check void date and with Court approval, the Settlement Administrator will send any funds from uncashed checks to St. Jude's Children's Research Hospital.[80]

L. Overlapping cases.

There are no other known related pending cases that will be affected by this settlement.[81]

M. Notice of the PAGA settlement to the LWDA.

Because the Parties have agreed to settle the PAGA claims in this action, Class Counsel has sent Plaintiff's motion for preliminary approval, this memorandum, the Grover Declaration, with its exhibits including the Stipulation, the Declaration of Robert Spencer and the proposed order to the LWDA.[82]

N. Tax treatment.

The Stipulation provides that the Individual Settlement Payments are for reimbursement of expenses, interest, and penalties.[83] For tax purposes, Individual PAGA Payments shall be allocated and treated as 100% statutory penalties.[84] The Settlement Administrator will be responsible for issuing and mailing all required IRS Form 1099s.[85]

IV. LEGAL ANALYSIS

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[77] Ex. A at § III.M.4.c.
[78] Ex. A at § III.M.6.
[79] Ex. A at § III.M.2.e.
[80] Ex. A at § III.M.2.e; Grover Decl. at ¶ 43.
[81] Grover Decl. at ¶ 44.
[82] *See* Declaration of Robert Spencer filed with Plaintiff's motion for preliminary approval.
[83] Ex. A at § III.M.2.c; *see also*, § I.S.
[84] Ex. A at § III.M.2.c.
[85] Ex. A at § III.M.2.c; Grover Decl. at ¶ 45.

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A. Two-step approval process.

Any settlement of class litigation must be reviewed and approved by the Court.[86] This is done in two steps: (1) an early (preliminary) review by the trial court, and (2) a final review after notice has been distributed to the Class Members for their comment or objections. The Manual for Complex Litigation (Third) § 30.41 states:

> Approval of class action settlements involves a two-step process. First, counsel submits the proposed terms of settlement and the court makes a preliminary fairness evaluation. If the preliminary evaluation of the proposed settlement does not disclose grounds to doubt its fairness or other obvious deficiencies, such as unduly preferential treatment of class representatives or of segments of the class, or excessive compensation for attorneys, and appears to fall within the range of possible approval, the court should direct that notice … be given to the class members of a formal fairness hearing, at which arguments and evidence may be presented in support of and in opposition to the settlement.[87]

Thus, the preliminary approval by the trial court is simply a conditional finding that the settlement appears to be within the range of acceptable settlements. As Professor Newberg comments, "[t]he strength of the findings made by a judge at a preliminary hearing or conference concerning a tentative settlement proposal may vary. The court may find that the settlement proposal contains some merit, is within the range of reasonableness required for a settlement offer, or is presumptively valid subject only to any objections that may be raised at a final hearing."[88]

The procedures for the submission of a proposed settlement for preliminary approval by the court also are discussed in 4 Newberg on Class Actions:

> When the parties to an action reach a monetary settlement, they will usually prepare and execute a joint Stipulation, which is submitted to the court for preliminary approval. The stipulation should set forth the essential terms of the agreement, including but not limited to, the amount of settlement, form

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[86] Cal. Rules of Court 3.769; Fed. R. Civ. Pro. 23(e). The California Supreme Court has authorized California's trial courts to use Federal Rule 23 and cases applying it for guidance in considering class issues. *See Vasquez v. Superior Court* (1971) 4 Cal.3d 800, 821; *Green v. Obledo* (1981) 29 Cal.3d 126, 145-146. Where appropriate, therefore, Plaintiff cites Federal Rule 23 and federal case law in addition to California law.
[87] The Manual for Complex Litigation (Third).
[88] 4 Alba Conte & Herbert B. Newberg, Newberg on Class Actions, § 11.26 (4th ed. 2002).

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of payment, manner of determining the effective date of settlement and any recapture clause.[89]

Here, the Parties have reached such an agreement, which Plaintiff now submits to this Court, in connection with this Motion. The Stipulation sets forth all terms of the agreement reached by the Parties.[90]

B. Class Certification does not need to be revisited.

The Court need not revisit the Class Certification Order certifying the class during preliminary approval if "no facts that would affect the Court's reasoning have changed."[91] This is especially applicable when the proposed settlement provides relief for the same persons as the certified class.[92] The Parties agreed that, for the purpose of settlement, the Class Members are defined – substantively similar to the Class Certification Order – as all individuals classified as independent contractors by Defendant who performed inspections in California as real property inspectors at any time between April 22, 2016 and May 30, 2024, inclusive, who have not signed release agreements or opt-ed out of the Action.[93] The Class definition used in the Settlement does not expand the scope of the certified Class at all.[94]

Since the Court certified the class, the Class Representative, who is Plaintiff Collins, has continued to prosecute vigorously the claims on behalf of the certified class and thus, no new facts should affect her appointment as settlement Class Representative. The settlement also provides that the settlement Class should be represented by current Class Counsel Eric A. Grover and Robert W. Spencer of Keller Grover LLP and no new facts affect that provision. Thus, the Court should conditionally certify the proposed Class solely for settlement purposes.

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[89] 4 Newberg on Class Actions at § 11.24.
[90] *See* Ex. A; Grover Decl. at ¶ 21.
[91] *See e.g.*, *Ang v. Bimbo Bakeries USA, Inc.* (N.D. Cal. April 28, 2020) 2020 U.S. Dist. LEXIS 74775, at *11; *Dickey v. Advanced Micro Devices, Inc.* (N.D. Cal. Oct. 4, 2019) 2019 U.S. Dist. LEXIS 172924, at *8; *Mendez v. C-Two Grp. Inc.* (N.D. Cal. Mar. 27, 2017) 2017 U.S. Dist. LEXIS 44817, at *8.
[92] *See e.g.*, *Mendez*, *supra*, 2017 U.S. Dist. LEXIS 44817, at *5, 8.
[93] Ex. A at § I.H.
[94] Grover Decl. at ¶ 33.

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C. The settlement is fair and reasonable and not the result of fraud or collusion.

"The trial court operates under a presumption of fairness when the settlement is the result of arm's-length negotiation, investigation and discovery that are sufficient to permit counsel and the court to act intelligently, counsel are experienced in similar litigation, and the percentage of objectors is small."[95]

While the recommendations of counsel proposing the settlement are not conclusive, the Court can properly take them into account, particularly where, as here, such counsel have been involved in substantial formal and informal discovery and negotiations, appear to be competent, have experience with this type of litigation, and have exchanged substantial, relevant information with the opposing party.[96] Here, both Class Counsel and Defendant's counsel have a great deal of experience in wage and hour matters and class action litigation.[97] Moreover, both Class Counsel and defense counsel conducted an extensive investigation of the factual allegations involved in this case and Plaintiff obtained class certification. Each side has apprised the other of their respective factual contentions, legal theories and defenses, resulting in extensive arm's-length negotiations – including formal mediation with an experienced mediator -- taking place between the Parties.[98]

Plaintiff believes the settlement for each Class Member to be fair, reasonable and adequate, given the inherent risk of litigation and the costs of pursuing such litigation.[99] The settlement shall finally resolve all claims arising out of the claims that were expressly pleaded in the operative First Amended Complaint, *i.e.*, Labor Code §§ 201-203, 221, 224, 226(a), 226.7,

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[95] *In re Microsoft I-V Cases* (2006) 135 Cal.App.4th 706, 723, citing *Dunk*, *supra*, 48 Cal.App.4th at 1800-01, which cited *Officers for Justice v. Civil Service Com'n*, (9th Cir. 1982) 688 F.2d 615, 625; *see also*, *e.g.*, *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245 (similar), *overruled on other ground by Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th 260, 270.

[96] *See* Newberg on Class Actions, § 11.47; *Wershba*, *supra*, 91 Cal.App.4th at 245; *In re Paine Webber Ltd. P'ships Litig.* (S.D.N.Y. 1997) 171 F.R.D. 104, 125 ("[s]o long as the integrity of the arm's length negotiation process is preserved, however, a strong initial presumption of fairness attaches to the proposed settlement . . . [citations] and 'great weight' is accorded to the recommendations of counsel, who are most closely acquainted with the facts of the underlying litigation").

[97] *See* Grover Decl. at ¶¶ 2-4, 17.

[98] Grover Decl. at ¶¶ 7, 12, 39; *see* Ex. A at § II.B.

[99] Grover Decl. at ¶¶ 17-41.

510, 512, 558, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2775(b)(1) claims, and related Business & Professions Code §§ 17200, *et seq*. claims based on alleged violations of these Labor Code provisions, together with interest, fees, and costs related to those claims.[100] The Release Period for the Released Claims is the same as the Class Period, *i.e.*, from April 22, 2016 through May 30, 2024, inclusive.[101] The settlement also finally resolves any and all PAGA claims alleged in the First Amended Complaint for civil penalties, attorneys' fees, and litigation costs during the PAGA Period.[102]

The settlement also compensates the named Plaintiff with a reasonable Class Representative Incentive Award/General Release Payment, taking into consideration the risks, time, effort, and expenses she incurred in coming forward to provide invaluable information, negotiate, and litigate this matter on behalf of all Class Members against her former employer.[103] The named Plaintiff also will provide a General Release of her individual claims against Defendant.[104]

Fairness of the settlement is further demonstrated by the uncertainty and risks to Plaintiff and the certified Class involved in not prevailing on one or more of the causes of action or theories alleged in the complaint.[105] Defendant disputes Plaintiff's ability to prove that Defendant is liable to the Class for its pay, meal period and rest break, wage statement, and expense reimbursement policies and practices.[106]

Moreover, it is established that settlements that are only a small percentage of a *theoretical* recovery do not preclude a court from finding that a settlement is fair. Courts regularly find that settlements for substantially less than the plaintiff's theoretical maximum damages are fair and reasonable, especially when considering factors such as defendant's defenses and the uncertainties, risks and delay involved in litigation.[107]

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[100] *See* Ex. A at § III.B; *see also*, §§ I.LL, I.MM, I.QQ; *see* Ex. B.
[101] *See* Ex. A at § III.B; *see also*, § I.LL.
[102] Ex. A at § III.D, *see also*, §§ I.Z, I.AA, I.BB, I.MM, III.M.5.
[103] Ex. A at §§ III.M.3, I.J, I.K; Grover Decl. at ¶ 42.
[104] Ex. A at § III.C; *see also*, §§ I.J, I.K, III.M.3.a.; Grover Decl. at ¶ 42.
[105] Grover Decl. at ¶¶ 41, *see also,* ¶¶ 11, 22-23, 27.
[106] *Id*.
[107] *See e.g., Wershba*, *supra*, 91 Cal.App.4th at 246-47, 250-51; *7-Eleven Owners for Fair*
(Cont'd)

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Despite the asserted fairness of the settlement terms, should any proposed Class Member, upon reviewing the Notice of proposed settlement, object to the terms of the settlement as set forth in the Stipulation, each has the right to submit a request for exclusion (*i.e.*, opt out) from the settlement, pursuant to which the Class Member would retain any claim he or she may have against Defendant.[108] Moreover, Class Members who do not opt out may object to one or more of the settlement terms set forth in the Stipulation.[109]

D. The PAGA Payment is reasonable and warrants approval.

Labor Code § 2699(l)(2) requires court approval of any PAGA settlement. Class action requirements do not apply to PAGA actions.[110] "PAGA has no notice requirements for unnamed aggrieved employees, nor may such employees opt out of a PAGA action."[111] The circumstances of the settlement, rather than the amount allocated to PAGA claims, determine whether a PAGA settlement is appropriate.[112]

As part of the final approval process, Plaintiff will seek the Court's approval of the PAGA portion of the Settlement, including the $25,000 PAGA Payment, the distribution plan for the PAGA Payment and the PAGA Release.[113]

V. CONCLUSION

Based on the foregoing, Plaintiff requests that this Court, as part of its preliminary approval of the settlement, do the following:

1. Review the proposed Stipulation setting forth the settlement terms;

2. Consider whether the proposed settlement preliminarily appears to be fair, reasonable and adequate;

Franchising v. Southland Corp. (2000) 85 Cal.App.4th 1135, 1150; *see also*, *Hanlon v. Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011, 1027; *Officers for Justice*, *supra*, 688 F.2d at 628; *Glass v. UBS Fin. Servs*., No. C-06-4068 MMC (N.D. Cal. Jan. 26, 2007) 2007 U.S. Dist. LEXIS 8476, at *13, *aff'd*, (9th Cir. 2009) 331 F. App'x 452; *see* Grover Decl. at ¶¶ 18-21 (discussing the maximum potential recovery of the claims).

[108] Ex. A at § III.L.7.

[109] Ex. A at § III.L.8.

[110] *Arias v. Superior Court* (2009) 46 Cal.4th 969, 974.

[111] *Baumann*, *supra*, 747 F.3d at 1122.

[112] *Nordstrom Com'n Cases* (2010) 186 Cal.App.4th 576, 589.

[113] Ex. A at § III.M.5, *see also*, §§ I.R, I.Z, I.AA, I.BB, I.DD, III.D; Grover Decl. at ¶ 34, n.8.

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3. Confirm that the proposed settlement Class preliminarily appears to meet the applicable certification criteria;

4. Preliminarily approve the Stipulation;

5. Reappoint Carla Collins as settlement Class Representative and reappoint Eric A. Grover and Robert W. Spencer of Keller Grover LLP as Class Counsel solely for settlement purposes;

6. Approve Phoenix Settlement Administrators as Settlement Administrator; and

7. Enter an Order provisionally approving the proposed settlement class on a non-mandatory basis, approve the proposed Notice to be distributed to Class Members, and direct the Notice to be given to Class Members in accordance with the procedure set forth in the Stipulation.

Respectfully submitted,

Dated: April 18, 2025

KELLER GROVER LLP

By: ______________________________
ERIC A. GROVER
Attorneys for Plaintiff and proposed Class Counsel

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PROOF OF SERVICE

I, JOEY GONZALEZ, am employed in the County of San Francisco, State of California. I am over the age of eighteen and not a party to the within action. My business address is 1965 Market Street, San Francisco, California 94103. On **April 18, 2025** in the case of *Collins v. National Insurance Inspection Services, Inc.* Los Angeles Superior Court Case Number 20STCV15619, I served the foregoing document(s):

PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS AND PAGA ACTION SETTLEMENT AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

on the interested party(ies) below, using the following means:

Jeffrey McClure, Esq. Anne Kelson Hummel, Esq. DAVENPORT GERSTNER & MCCLURE, APC 2540 Camino Diablo, Suite 200 Walnut Creek California 94597 jeff@laborcounsel.com akh@laborcounsel.com	*Attorneys for Defendant* **NATIONAL INSURANCE INSPECTION SERVICES, INC.**

☒	(BY ELECTRONIC SERVICE- **Case Anywhere**) by submitting an electronic version of the documents through the user interface at www.caseanywhere.com and by emailing a word version of the document to the above referenced email addresses.
☒	(STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

JOEY GONZALEZ

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