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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

RIBALDO OLVERA and IGNACIO GOMEZ individually and on behalf of all others similarly situated, Plaintiffs, v. AMERICAN CORPORATE SECURITY, A California Corporation; AMERICAN CORPORATE SECURITY INC.; and DOES 1-50, Defendants.	Case No. 21STCV16417 **NOTICE OF PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL OF CLASS AND PAGA ACTION SETTLEMENT, APPROVAL OF CLASS NOTICE, SETTING OF FINAL APPROVAL HEARING DATE** Date: May 28, 2026 Time: 10:30 a.m. Dept.: SSC12

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I. INTRODUCTION

Plaintiffs Ribaldo Olvera and Ignacio Gomez (hereinafter "Plaintiffs") on behalf of themselves and the approximately 675 member Class, respectfully requests that this Court preliminarily approve the Class Action and PAGA Settlement Agreement and Class Notice (hereinafter "Agreement"[1]) entered into between Plaintiffs and Defendants American Corporate Security; American Corporate Security, Inc. (hereinafter "Defendants" or "ACS") hereinafter Plaintiffs and Defendants are collectively referred to as the "Parties"). The Parties' Agreement seeks to resolve claims raised against Defendants in this matter in exchange for a non-reversionary $698,000 Gross Settlement Amount. The Class includes all persons who are employed or have been employed by Defendants in the State of California as non-exempt, hourly security guards, security officers, or similar job designations and titles at any time from January 1, 2019, to November 22, 2024 (the date the Court issued an order granting class certification), who worked shifts lasting longer than five hours at security posts that were designated by Defendants as on-duty security posts. The class does not include any employees who signed an arbitration agreement with Defendants.[2] There are also two subclasses the Non-Union Subclass and the Union Subclass. The Non-Union Subclass consists of approximately 77 members and is defined as all Class Members who at any time during the Class Period worked for Defendants as non-union members. The Union Subclass consists of approximately 598 members and is defined as all Class Members who at any time during the Class Period worked for Defendants as union members.

It is requested that the Court grant preliminary approval as, when analyzing the strengths and vulnerabilities of the claims and Defendants' potential liability exposure, this proposed settlement of $698,000 is well within the range of reasonableness. The settlement is estimated to pay Non Union Class Members an average payment of $2,830.19 and Union Class Members an average payment of $121.47.

The proposed Agreement satisfies all the criteria for preliminary approval under Rule 3.769 of the California Rules of Court. Accordingly, Plaintiff seeks: (1) preliminary approval of the terms

[1] The Parties' Agreement is attached to the Declaration of David Mara, Esq. ("Mara Dec.") as Exhibit 1. "Exhibit 1" herein refers to the Parties' Agreement.

[2] Exhibit 1 at ¶ 5.

contained in the Agreement; (2) appointment of Plaintiff as Class Representative; (3) appointment of Mara Law Firm, PC, and James Hawkins APLC; (4) approval of the Parties' proposed notice of class action settlement[3] (referred to herein as the "Class Notice" or "Notice") and method of notifying the Class about the settlement; and (5) a hearing date for final approval of October 22, 2026.

II. BACKGROUND

Defendants are a security service provider in California that trains and assigns security personnel to businesses. Defendants employ hourly, non-exempt security guards, security officers, and/or other workers with similar job designations to conduct its business.

Plaintiff Ignacio Gomez submitted his Notice of Labor Code Violations to the LWDA on May 8, 2020. On April 30, 2021, Plaintiff Ribaldo Olvera filed a class action complaint in the Los Angeles County Superior Court against Defendants, alleging several causes of action premised on alleged violations of the Labor Code and Wage Order. On July, 22, 2021, Plaintiff Ribaldo Olvera also filed a PAGA action in Los Angeles Superior Court (Case No. 21STCV26885). On September 29, 2022, Plaintiff Ribaldo Olvera filed a First Amended Class Action Complaint ("FAC"), which alleged a PAGA Action and added Plaintiff Ignacio Gomez as a named Plaintiff/Class Representative. The FAC alleged seven causes of action: (1) Failure to Pay Wages, Including Overtime (Lab. Code, §§ 510, 1094); (2) Failure to Provide Meal Periods (Lab. Code, §§ 226.7, 512; (3) Failure to Provide Rest Periods (Lab. Code, § 226.7); (4) Failure to Pay Timely Wages (Lab. Code, § 226); (6) UCL; and (7) PAGA Violations for the Underlying Claims. Mara Dec. ¶ 16; Declaration of James Hakwins ("Hawkins Decl.") ¶ 2.

On November 22, 2024, after Plaintiffs filed their motion for class certification, the Court certified Class and Union/Non-Union Subclasses for claims involving Meal Periods, and meal period derivative claims for violations of wage statements, waiting time penalties, and UCL. On March 6, 2025, Notice of the Certified Class Action was sent out to Class Members via U.S. First Class Mail by the Class Action Administrator, Apex Class Action LLC.[4] Mara Dec. ¶ 17; Hawkins Decl., ¶ 3.

Defendants filed a Motion for Summary Judgment/Adjudication on August 27, 2025. The

[3] The Class Notice is attached to the Agreement as Exhibit A.
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Plaintiff Class filed a Motion for Summary Adjudication on August 28, 2025. Hearing was set for these dueling motions on December 12, 2025. Both Parties filed corresponding oppositions and replies ahead of the hearing. On November 20, 2025, the Parties reached a settlement in principle, vacating the hearing for the motions for summary judgment and summary adjudication. Mara Dec. ¶ 18; Hawkins Decl., ¶ 4.

III. INVESTIGATION/LITIGATION HISTORY

a. Discovery and Investigation

The Parties have engaged in significant discovery. These discovery efforts included Plaintiffs' Motions to Compel Responses to Demand for Production of Documents (Set One) and to Special Interrogatories (Set One), which were granted on August 2, 2023, and an Informal Discovery Conference on October 4, 2023. Both Parties propounded and responded to formal written discovery. Defendants produced hundreds of thousands of documents including time and activity records, wage records, collective bargaining agreements, employee handbooks, and wage and hour policies. Moreover, Defendants produced a class list after completing a Belaire West notice procedure. Plaintiffs engaged in substantial communications with class members after receiving this list. In addition, Plaintiffs' took the depositions of Defendants' Person Most Qualified witnesses, Timothy Lovette and Brittany Cychosz on April 12, 2023, and Niles Rose on February 2, 2024. Defendants took the Deposition of Plaintiff Ribaldo Olvera on April 23, 2024, and Plaintiff Ignacio Gomez on April 24, 2024. Mara Dec. ¶ 19; Hawkins Decl., ¶ 8.

Moreover, Defendants also produced financial documents which were reviewed by third party accounting experts which revealed the severe financial distress experienced by Defendants. Mara Dec. ¶ 20; Hawkins Decl., ¶ 9.

The discovery, investigation, and litigation process has been adequate to give Class Counsel a sound understanding of the value, strength, and vulnerabilities of the Class's claims. Specifically, Class Counsel has conducted discovery and an investigation into the claims during the prosecution of this action. This discovery, investigation, and prosecution has included, among other things, analyzing the legal positions taken by Defendants and the developments in the law related to various claims, analyzing potential damages before and throughout the settlement negotiation process, researching the applicable law with respect to the Class's claims and Defendants' potential defenses, and assessing the risk of further litigation. Mara Dec. ¶ 21; Hawkins Decl., ¶ 10.

b. Settlement Negotiations

The Parties attended three mediations. The Parties held two mediations with respected wage and hour mediator David Rotman on June 10, 2025 and August 15, 2025, neither of which were successful. On November 14, 2025 held their third mediation with respected wage and hour mediator Doug Leach. At these mediations, Defendants provided Class Counsel a robust production of financial documents that were reviewed by private third party accounting experts and demonstrated severe financial distress experienced by Defendants. Ultimately, a settlement in principle was reached on November 20, 2025. Mara Dec. ¶ 22; Hawkins Decl., ¶ 5.

c. The Parties' Conflicting Positions

The battle line of this class action lawsuit is well defined. Plaintiffs claim Defendants' on-duty meal period policy that applies to 95% of its security posts during the class period is unlawful because it did not incorporate the DLSE five-factor test and ostensibly let the customer decide on-duty meal period requirements. Mara Dec. ¶ 23. Defendants took the position that federal regulations – not its client - dictated the need for security guards to be vigilant and on-duty during meal periods. Defendants also claimed it offered an off-duty experience to all class members subject to an on-duty meal period arrangement. Mara Dec. ¶ 24. Plaintiff countered that such arguments were irrelevant to whether it's on-duty meal period policy was unlawful. The fact that all employees working on-duty posts had to remain on the premises and be ready to engage at any moment during meal periods made them on-duty, regardless of whether they were permitted some other limited freedoms such as being able to eat a meal during on-duty meal periods. The question on the lawfulness of Defendants' on-duty meal periods also was not impacted by whether federal regulations required guards to be on-duty. Ultimately, Plaintiffs argued, Defendants could have satisfied any federal regulations and provided off-duty meal periods. Defendants just needed to provide additional personnel to fully relieve class members during meal periods – like it would do for fifteen-minute rest periods. Thus, Plaintiffs argued, because Defendants could have provided full relief for class members to enjoy a duty-free meal period, Defendants could not, as a matter of law, satisfy the rigorous "nature of the work" defense. Mara Dec.

¶ 25.

The biggest hurdle in prevailing on this claim was the fact that the overwhelming majority of class members (598 of the 675 total class members) were subject to collective bargaining agreements. Under Labor Code § 512(e), Defendants argued in their motion for summary adjudication, these 598 class members would be exempt from having to be provided meal periods in accordance with Labor Code section 512(a) or the Labor Code. Although Plaintiffs opposed Defendants' motion, there was certainly persuasive authority the Court could rely on to grant it and thus, limit any potential meal period exposure to the 77 non-union class members. Mara Dec. ¶ 26.

IV. TERMS OF THE PROPOSED SETTLEMENT

Under the terms of the settlement, Defendants will create a non-revisionary settlement fund of $698,000. Defendants will also be responsible for its portion of the payroll taxes.

a. Deductions from the Settlement

The Parties have agreed that this action be settled and compromised for the non-reversionary total sum of $698,000 ("Gross Settlement Amount" or "GSA"), which includes, subject to Court approval: (a) attorneys' fees of up to $232,434 (1/3 of the GSA)[5] to compensate Class Counsel for work already performed and all work remaining to be performed in documenting the settlement, administrating the settlement, and securing Court approval; (b) litigation costs estimated at approximately, and not to exceed, $80,000;[6] (c) a Class Representative Service Payments to the named class representatives, Ribaldo Olvera and Ignacio Gomez, in an amount not to exceed $15,000 each ($30,000 total) in consideration for prosecuting this class action, serving as Class Representatives, work performed, and risks undertaken for the payment of attorneys' fees and costs in the event he had been unsuccessful in the matter; (d) settlement administration fees and expenses to APEX Class Action Administration (hereinafter "APEX"), estimated not to exceed approximately $15,000;[7] and (e)

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[5] Although Plaintiff's Counsel seeks attorneys' fees under the percentage method, Plaintiff's Counsel will also provide the Court with their lodestar information at final approval.

[6] These will be tabulated and presented to the Court at final approval. Plaintiff will only seek the amount of actual costs incurred during the litigation of this case. Should the actual costs exceed $80,000, Plaintiff will only seek reimbursement of costs up to $80,000. Should the actual costs be lower than $80,000, the difference will be added to the Net Settlement Amount for disbursement to Participating Class Members.

[7] APEX will present to the Court a declaration in conjunction with the final approval motion outlining the costs of the settlement administration process. If the settlement administration costs are lower than the amount allocated in the Agreement, the difference will be added to the Net Settlement Amount for distribution to Participating Class Members.

$50,000 allocated to Plaintiff's claims under the PAGA. Of this payment, 75%, or $37,500 will be provided to the LWDA, and 25%, or $12,500, will be available for distribution to Aggrieved Employees.[8]

b. Calculation of the Settlement Payments to Class Members

After all Court-approved deductions from the GSA, it is estimated that $290,566 ("Net Settlement Amount" or "NSA"), less employee taxes on the "wage portion" of the settlement payment, will be distributed to Participating Class Members.[9] Subject to the terms and conditions of the settlement, each Participating Class Member will receive a portion of the Net Class Settlement Amount called their "Individual Class Payment" based upon there Subclass and the number of workweeks they worked for Defendants during the Class Period. Again, there are two subclasses: the Non Union Subclass and the Union Subclass. Participating Non Union Subclass Members will receive a pro-rated share of the Non Union Subclass Settlement Fund (i.e., 75% of the NSA), less applicable withholdings, based on the number of workweeks they worked in California while employed by Defendants during the Class Period. (Exhibit 1 at ¶ 61.1.1). Participating Union Subclass Members will receive a pro-rated share of the Union Subclass Settlement Fund (i.e., 25% of the NSA), less applicable withholdings, based on the number of workweeks they worked in California while employed by Defendants during the Class Period. (Exhibit 1 at ¶ 61.1.2). The Individual Class Payment for both Non Union and Union Subclass Members will be allocated as 20% wages and 80% penalties and interest. (Exhibit 1 at ¶ 61.2). In addition, each Aggrieved Employee will receive a will receive a proportionate share of the PAGA Payment that is allocated for distribution to PAGA Aggrieved Employees (i.e., 25% of the PAGA Payment) based upon the number of pay periods they worked for Defendants during the PAGA Period. (Exhibit 1 at ¶ 62.1.1).

c. Notice to the Class

Within ten (10) calendar days after entry of the Preliminary Approval Order, Defendants will deliver to the Settlement Administrator the Class and PAGA Data. (Exhibit 1 at ¶ 65.3.1). Within ten (10) calendar days Administrator will send to all Class Members, via first-class USPS mail, the Class

[8] Aggrieved Employees are all Class Members who worked for Defendants at any time from May 8, 2019 to December 31, 2025. Exhibit 1at ¶ 3.

[9] A Participating Class Member is a Class Member who does not submit a timely request for exclusion from the Settlement. Exhibit 1 at ¶ 36.

Notice in English and Spanish (Exhibit 1 at ¶ 65.3.3). Class Members will have 60 days to respond to the settlement. (Exhibit 1 at ¶ 42). Class Members may respond to the settlement by requesting to be excluded from it, objecting to it, or submitting a dispute as to the number of workweeks attributed to them. (Exhibit 1 at ¶¶ 65.4-6).

d. Distribution of Funds

Defendants shall fund the GSA as follows: (1) $100,000 thirty (30) days after the Effective Final Settlement Date ("Initial Payment"); (2) $20,750 on the first of each month following the Initial Payment for twenty-four (24) months ("Monthly Payments"); (3) $100,000 thirty (30)days after the last Monthly Payment. (Exhibit 1 at ¶ 22). Within ten (10) calendar days after the Settlement Administrator's receipt of the final installment of the GSA, the Settlement Administrator shall disburse the settlement funds. (Exhibit 1 at ¶ 18). Participating Class Members and Aggrieved Employees must cash or deposit their Individual Settlement Share checks within one hundred and eighty (180) calendar days after the checks are mailed to them. (Exhibit 1 at ¶ 65.14). The Settlement Administrator shall tender uncashed and cancelled checks to the California Controller's Unpaid Wage Fund, in the name of the Class Member. (Exhibit 1 at ¶ 65.14.2).

e. Release of Claims

Class Members who do not submit a timely and valid request for exclusion shall release the Released Parties[10] from all Claims for Meal Periods under Labor Code §§ 226.7 and 512; Meal Period derivative claims for wage statement violations under Labor Code § 226, waiting time penalties under Labor Code § 203, and UCL Claims as certified by the Court in its November 22, 2024, Order, for the Settlement Period of January 1, 2019, to December 31, 2025. (Exhibit 1 at ¶¶ 6, 39, 67) In addition, all Aggrieved Employees shall release the Released Parties form any and all claims for civil penalties under the California Labor Code and the Private Attorneys General Act of 2004 pled in the operative Notices to the LWDA and the operative complaint. The Released PAGA Claims shall be for the PAGA Period of May 8, 2019, to December 31, 2025. (Exhibit 1 at ¶¶ 40, 68). Further, Plaintiffs have agreed to general releases of their claims. (Exhibit 1 at ¶ 69).

[10] Defendants and their past or present shareholders, owners, officers, directors, employees, attorneys, and agents which could be jointly liable with Defendants for the claims alleged. Exhibit 1 at ¶ 41.

f. Class Representative Service Payment Awards

Subject to the Court's approval, Plaintiff shall receive a payment not to exceed $15,000 each in consideration for a general release of their claims against Defendants. The payment shall be made from the GSA. As just noted, Plaintiffs have agreed to a general release of their claims against Defendants. This general release is far greater than the release proposed for Class Members. This payment not only compensates Plaintiffs for the work they undertook in this case, but also for the claims and potential claims they may have against Defendants that they are releasing. Notably, Plaintiffs have both had their depositions taken in this matter. Moreover, Plaintiffs brought this class action lawsuit to seek recourse for other employees instead of filing individual cases merely on behalf of themselves. Since the inception of this case, Plaintiffs have put the Class's interests ahead of their own. This payment compensates Plaintiffs for the claims that they forwent bringing for the betterment of the Class Members. Declaration of Ribaldo Olvera ("Olvera Decl.,") ¶¶ 5-14; Declaration of Ignacio Gomez ("Gomez Decl.,") ¶¶ 4-14.

Moreover, as representatives for the absent class members, Plaintiffs risked a potential judgment taken against them for attorneys' fees and costs if this matter had not been successfully concluded. Though the fee agreement provides that Class Counsel would pay such costs, Plaintiffs would nevertheless have had a cost bill entered against them leaving them ultimately liable for potentially hundreds of thousands of dollars in the unexpected possibility that Class Counsel did not meet their obligation to cover those costs. Unfortunately, there have been judgments like this entered against class representatives.[11] The risk of payment of Defendants' costs, alone, is a sufficient basis for an award of the requested service award. Courts routinely approve incentive awards to compensate class representatives for services they provide and the risks incurred during class action litigation, often in much higher amounts than sought here. (See, *e.g.*, *Bell v. Farmers Ins. Exchange* (2004) 115 Cal.App.4th 715, 726 (upholding "service payments" to named plaintiff for their efforts in bringing the case); *Van Vranken v. Atlantic Richfield Co.* (N.D.Cal. 1995) 901 F.Supp. 294 (approving $50,000

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[11] *See*, e.g. *Koehl v. Verio, Inc*. (2006) 142 Cal.App.4th 1313, 1328 (a wage and hour class action where Defendant prevailed at trial, the named Plaintiffs were held liable, jointly and severally for the Defendant's attorneys' fees); *Whiteway v. Fedex Kinkos Office & Print Services, Inc.* (N.D. Cal. Dec. 17, 2007, No. 05-2320) 2007 U.S. Dist. LEXIS 95398 (a wage and hour misclassification case lost on summary judgment, after the case was certified, the named Plaintiff was assessed costs in the sum of $56,788.).

enhancement award).)

Additionally, the modern-day work force is mobile, with employees holding several jobs over the span of their career. It is also true that prospective employers in this computer, high-tech age "Google" and/or do extensive background checks and have access to court databases to see if applicants have ever filed a lawsuit or have ever been sued. Here, Plaintiffs' conduct will not be lost on a prospective employer who has to choose between an applicant who has never sued an employer and one who has done so. The requested award far from compensates Plaintiffs for opportunities they may lose in the future.

The tremendous efforts and risks that Plaintiffs undertook on behalf of the Settlement Class shows that the proposed Class Representative Service Payments are fair, adequate, and reasonable, and thus warrants preliminary approval.

g. Final Judgment

Pursuant to Cal. Rules of Court, Rule 3.771(b), notice of the final judgment will be posted on the Settlement Administrator's website.

V. ARGUMENT

a. Class Action Settlements Are Subject to Court Review and Approval Under the California Rules of Court

California Rules of Court, rule 3.769 requires court approval for class action settlements.[12] "Before final approval, the court must conduct an inquiry into the fairness of the proposed settlement." (California Rules of Court, Rule 3.769(g)). Rule 3.769 further requires a noticed motion for preliminary approval of class settlements. Courts act within their discretion in approving settlements that are fair, not collusive, and take into account "all the normal perils of litigation as well as the additional uncertainties inherent in complex class actions." *In re Beef Industry Antitrust Litigation* (5th Cir. 1979) 607 F.2d 167, 179, cert. den. sub nom. *Iowa Beef Processors, Inc. v. Meat Price Investigators Ass'n* (1981) 452 U.S. 905.

b. The Settlement is Fair, Reasonable, and Adequate

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[12] The California Supreme Court also 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, the Parties cite Federal Rule 23 and federal case law in addition to California law.

In deciding whether to approve a proposed class action settlement under Code of Civil Procedure § 382, the Court must find that a proposed settlement is "fair, adequate and reasonable." *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801. A proposed class action settlement is **presumed** fair under the following circumstances: (1) the parties reached settlement after arms-length negotiations; (2) investigation and discovery were sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small. *Dunk v. Ford Motor Co.*, *supra*, at 1802. As the following shows, all of these elements – with the exception of the percentage of objectors, which cannot be anticipated at this stage of the litigation – bearing on the fairness of the proposed settlement are present here and the Court's grant of preliminary approval is therefore requested.

i. The Settlement Was Reached as a Result of Arm's-Length Negotiations

The settlement was reached as a result of arm's-length negotiations. Though cordial and professional, the settlement negotiations have been, at all times, adversarial and non-collusive in nature. Prior to, at, and after the mediation, Counsel for the Parties conducted extensive arm's length settlement negotiations until the settlement was reached. The terms of the settlement are memorialized in the Agreement which is attached to the Declaration of David Mara, Esq. as Exhibit 1. While Plaintiffs believe in the merits of their case, they also recognize the inherent risks of litigation and understand the benefit of the class receiving settlement funds immediately as opposed to risking continued litigation and maintaining class certification, preparing for and conducting a trial, and/or an appeal that may take several more years to litigate.

ii. The Settlement is the Result of Thorough Investigation and Discovery

"[W]hat transpires in settlement negotiations is highly relevant to the assessment of a proposed settlement's fairness." *State of Cal. v. Levi Strauss & Co.* (1986) 41 Cal.3d 460, 482. Courts presume the absence of fraud or collusion in the negotiation of a settlement, unless evidence to the contrary is offered; thus, there is a presumption that settlement negotiations are conducted in good faith. *Conte & Newberg, Newberg on Class Actions*, § 11.26 (4th ed. 2002).

The Parties thoroughly investigated and evaluated the factual strengths and weaknesses before reaching the proposed settlement, and engaged in sufficient investigation, research and discovery to support the settlement. The settlement was only possible following investigation, discovery, and evaluation of Defendants' policies and procedures, as well as the data produced for the class, which permitted Class Counsel to engage in a comprehensive analysis of liability and potential damages. This litigation has reached the stage where "the Parties certainly have a clear view of the strengths and weaknesses of their cases" sufficient to support the settlement. *Boyd v. Bechtel Corp.* (N.D.Cal. 1979) 485 F.Supp. 610, 617.

iii. Counsel for Both Parties are Experienced in Similar Litigation

Both Plaintiffs' Counsel and Defendants' Counsel are particularly experienced in wage and hour employment law and class actions. Plaintiffs' Counsel has significant experience in litigating unpaid wages, unprovided meal and rest periods, and wage statement claims. (Mara Dec. ¶¶ 3-15;Hawkins Decl., ¶14.). Indeed, Plaintiffs' Counsel at Mara Law Firm, PC, was class counsel in *Hohnbaum et al. v. Brinker Restaurant Corp et al.,* which is the subject case in the landmark decision of *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004. (Mara Dec. ¶ 4). Plaintiffs' Counsel has prosecuted numerous wage and hour class action cases on behalf of employees for California Labor Code violations and thus are experienced and qualified to evaluate the class claims and to evaluate settlement versus trial on a fully informed basis, and to evaluate the viability of the defenses. This experience instructed Plaintiffs' Counsel on the risks and uncertainties of further litigation and guided their determination to endorse the proposed settlement.[13] Defendants' Counsel practices labor and employment law and have represented numerous employers in similar types of claims. Accordingly, both Parties' Counsel are experienced in wage and hour employment law and class actions.

iv. The Proposed Settlement is a Reasonable Compromise of Claims

An understanding of the amount in controversy is an important factor in determining whether the settlement "of the class members' claims is reasonable in light of the strengths and weaknesses of the claims and the risks of the particular litigation." *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129; *see also Munoz v. BCI Coca-Cola Bottling Co. of Los Angeles* (2010) 186

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[13] The final factor mentioned in *Dunk* – the number of objectors – is not determinable until the Class Notice has been provided to the class and they have had an opportunity to respond. This information will be provided to the Court in conjunction with the final approval motion.

Cal.App.4th 399, 409. The most important factor in this regard is "the strength of the case for plaintiffs on the merits, balanced against the amount offered in settlement." *Id.*

In weighing the strength of the plaintiff's case, *Kullar* instructs that the court is not to "decide the merits of the case or to substitute its evaluation of the most appropriate settlement for that of the attorneys." *Kullar, supra,* 168 Cal.App.4th at 133. *Kullar* does not require an explicit statement of the maximum amount the plaintiff class could recover if it prevailed on all its claims, provided there is a record which allows "an understanding of the amount that is in controversy and the realistic range of outcomes of the litigation." *Munoz*, *supra,* 186 Cal.App.4th at 409. Put differently, "as the court does when it approves a settlement as in good faith under Code of Civil Procedure § 877.6, the court must at least satisfy itself that the class settlement is within the 'ballpark' of reasonableness." *Kullar*, *supra*, 168 Cal.App.4th at 133, citing *Tech-Bilt v. Woodward-Clyde & Associates* (1985) 38 Cal.3d 488, 499-500. As the following subsections show, the Parties' investigation and discovery revealed many reasons to discount claims and agree to this settlement.

1. The Settlement is Fair and Reasonable Based on the Strengths of Plaintiff's Case and the Risks and Costs of Further Litigation

The proposed settlement was only possible following significant discovery and an evaluation of Defendants' relevant policies and procedures. This permitted Class Counsel to engage in a comprehensive analysis of liability and potential damages. The discovery conducted allowed Plaintiffs to evaluate the strengths and weaknesses of their theories of liability, which are predicated on Plaintiffs' claims that Defendants failed to provide lawful meal periods. Mara Dec. ¶ 27. As shown above, Defendants had a powerful defense to 88.5% of the class. Specifically, under Labor Code § 512(e), Defendants' Collective Bargaining Agreements likely wipe out the 598 union member claims entirely. That leaves the core value of the case relegated to the 77 non-union members and the likelihood that they would prevail on the merits of their claim that Defendants' on-duty meal periods were unlawful. As shown below, the gross settlement amount of $698,000 is fair and reasonable when considering Defendants' defenses, demonstrated financial condition, and agreement to make institutional policy changes to its on-duty meal period policy. (Mara Dec. ¶ 28).

2. Potential Exposure

This settlement encompasses approximately 78,056 workweeks. Of that total, 60,532 workweeks were applicable to union members, while 17,524 were in play for the non-union class members. On average, class members worked approximately 3 days a week. Class Members earned approximately $19.00 per hour. Thus, if Plaintiffs were to prevail on their on-duty meal period claim, the total potential exposure under Labor Code § 226.7 for union members would be $4,449,192 (78,056 workweeks x $19.00/hour = $4,449,192), and $998,868 for non-union class members. (Mara Dec. ¶ 29)

3. The Settlement Amount of $698,000 is Reasonable

In light of the risks Plaintiff's claims faced, Plaintiffs and their Counsel believe that the settlement amount of $698,000 – with an average settlement share amount estimated at $2,830.19 for Non-Union Class Members and $121.47 for Union Class Members – is a reasonable and fair settlement amount. Under the terms of the settlement agreement, the non-union class members will receive 75% of the net settlement amount, which is projected to be no less than $227,299. [14] Mara Dec. ¶ 30.

This settlement is fair and reasonable for three key reasons. One, although Plaintiffs remain confident that they would prevail on their motion for summary adjudication for the non-union class members, they had to take into consideration the voluminous financial records Defendants produced. Plaintiffs' accounting expert reviewed those records, which demonstrated severe financial distress. Thus, Plaintiffs had to discount the total likely exposure to account for the likelihood that Defendants would not be able to satisfy a judgment against it for full value. Two, as part of the settlement, Defendants have agreed to make institutional changes and incorporate the DLSE 5-factor test in determining whether it will require on-duty meal periods. (Exhibit 1 at ¶ 59). Three, the net settlement amount allocated to the non-union subclass – which, as shown above, has the highest likely value in the case – reflects 22.7% of the potential exposure for on-duty meal period violations. (Mara Dec. ¶ 31).

It should be noted that a settlement is not judged solely against what might have been

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[14] After the gross settlement amount of $698,000 is reduced by the requested attorneys' fees, litigation costs, class representative enhancements, settlement administration costs, and PAGA payment, the net settlement amount is $303,066. 75% of that net is $227,299.

recovered, had the plaintiff prevailed at trial, nor does the settlement have to provide 100% of the damages sought to be fair and reasonable. *Wershba v. Apple Computers, Inc.* (2001) 91 Cal.App.4th 224, 246, 250; *Rebney v. Wells Fargo Bank* (1990) 220 Cal.App.3d 1117, 1139. "Compromise is inherent and necessary in the settlement process…even if the relief afforded by the proposed settlement is substantially narrower than it would be if the suits were to be successfully litigated, this is no bar to a class settlement because the public interest may indeed be served by a voluntary settlement in which each side gives ground in the interest of avoiding litigation." *Wershba*, *supra,* 91 Cal.App.4th at 250; *Officers for Justice v. Civil Serv. Comm'n* (9th Cir. 1982) 688 F.2d 615, 628 ("It is well-settled law that a cash settlement amounting to only a fraction of the potential recovery does not…render the settlement inadequate or unfair"). Based on the above, the gross settlement amount of $698,000 is well within the range of reasonableness.

4. The Amount Allocated to the PAGA Claim is Fair

Courts may award lesser amounts for civil penalties based on the facts and circumstances of the matter. Defendants presented a vigorous defense on the merits for union employees and maintains that those employees have not suffered violations of the Labor Code and thus have no basis for the award of any penalties under PAGA. Defendants also contend that, even if penalties were awarded for any purported Labor Code violation, penalties under PAGA cannot be stacked: at most, just one PAGA penalty can be awarded to an aggrieved employee in any one pay period. *See* Labor Code section 2699(f)(2) (authorizing awardable PAGA penalties to be measure by "each aggrieved employee per pay period"); *Smith v. Lux Retail North America, Inc.*, (N.D. Cal. June 13, 2013, No. C 13-01579 WHA) 2013 U.S. Dist. LEXIS 83562, at *3-4 (emphasis in original) (rejecting a pleading that sought the "stacking of penalties"; "[f]or the single mistake of failing to include commissions in the overtime base, plaintiff has asserted *five* (count them, five) separate labor code violations that could lead to statutory penalties;" "is it plausible that we would really pile one penalty on another for a single substantive wrong?"; noting that "no actual holding in any judicial decision has ever blessed such stacking").

Further, Labor Code §2699(e)(2) gives the trial court discretion to reduce penalties. In reducing PAGA penalties, courts have considered issues including whether the employees suffered actual injury from the violations, whether the defendant was aware of the violations, and the employer's willingness to fix the violation. *Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 528 (awarding PAGA penalties of only 0.2% of the maximum); *see also Cotter v. Lyft, Inc*., (N.D. Cal. 2016) 193 F.Supp.3d 1030, 1037 ; *Fleming v. Covidien Inc.*, (C.D. Cal. Aug. 12, 2011, No. ED CV 10-01487 RGK (OPX)) 2011 U.S. Dist. LEXIS 154590, at *4. In *Fleming* the court imposed an 82% reduction in PAGA penalties. In *Carrington* the penalties were reduced from $70 million to $150,000. That is a 99.98% reduction.

California courts have repeatedly approved class settlements where only a small portion of the total settlement is allocated to PAGA penalties, recognizing that courts have discretion to approve reasonable allocations based on litigation risk and the strength of the PAGA claim. In *Viceral v. Mistras Group, Inc.*, (N.D.Cal. Oct. 11, 2016, No. 15-cv-02198-EMC) 2016 U.S. Dist. LEXIS 140759, the court approved a settlement where only $10,000 of a $600,000 settlement (about 1.6%) was allocated to PAGA. The *Viceral* court found the allocation reasonable in light of litigation risks and the overall recovery to the class. Similarly, here, the $698,000 settlement provides significant recovery to the class and the $50,000 allocated to the PAGA claim represents a 7.2% allocation. Accordingly, this allocation is fair and reasonable

c. Class Certification was Granted on November 22, 2024

A class action is appropriate when the class is ascertainable and there is "a well defined community of interest in the questions of law and fact involved affecting the parties to be represented." Code Civ. Proc. § 382. State law requirements under California Code of Civil Procedure section 382 for class certification follow federal law according to Rule 23 of the Federal Rule of Civil Procedure: numerosity, typicality of the class representatives' claims, adequacy of representation, predominance of common issues, and superiority. Fed. Rules Civ.Proc. 23(a); *see also Hanlon v. Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011, 1019.

This Court has already determined that a class action is appropriate and that the requirements of numerosity, ascertainably, commonality, and adequacy have been met, given it granted class certification on November 22, 2024. Regardless, Plaintiffs contend, and Defendants do not dispute that the class certification elements are met for settlement purposes. *See Glob. Minerals & Metals*

Corp. v. Superior Court (2013) 113 Cal.App.4th 836, 859 (noting a lesser standard of scrutiny of certification is used for settlement cases); *see also Wershba v. Apple Computer* (2001) 91 Cal. App. 4th 224, 237-38.

d. Notice to the Class Complies with California Rule of Court 3.769(f)

The proposed Class Notice meets all of the requirements of California Rules of Court, rule 3.769(f). The proposed Class Notice advises the class of their rights to participate in the settlement, how to and when to object to or request exclusion from the settlement, and the date, time, and location of the final approval hearing.

VI. CONCLUSION[15]

Plaintiffs respectfully submits that the proposed settlement is in the best interests of the Class and Class Members, as it is fair, adequate, and reasonable, and one that should ultimately be granted final approval. Under the applicable class action criteria and guidelines, the proposed settlement should be preliminarily approved by the Court and the Class Notice should be approved. Plaintiff also respectfully requests the Court set a final approval hearing date for October 22, 2026.

MARA LAW FIRM, PC

Date: April 9, 2026

By:______________________________

David Mara, Esq.
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Attorneys for Plaintiff Class

[15] Attached to the Declaration of David Mara as **Exhibit 4** is proof of submission of the proposed settlement agreement to the LWDA.