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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

TERRANCE YOUNG, individually, and on behalf of aggrieved employees pursuant to the Private Attorneys General Act ("PAGA"); Plaintiff, v. AXOS FINANCIAL, INC.; a Delaware corporation; AXOS BANK, a California corporation; and DOES 1 through 100, inclusive; Defendants.	Case No.: 37-2021-00019535-CU-OE-CTL Assigned for All Purposes to: Honorable Michael D. Washington Department C-73 **NOTICE OF MOTION AND MOTION FOR APPROVAL OF PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE § 2698, *ET SEQ.*) SETTLEMENT AGREEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** [Declaration of Counsel (Douglas Han); Declaration of Plaintiff (Terrance Young); and [Proposed] Order filed concurrently herewith] Hearing Date: November 25, 2026 Hearing Time: 9:00 a.m. Hearing Place: Department C-73 Complaint Filed: May 3, 2021 Trial Date: None Set

PLEASE TAKE NOTICE that on November 25, 2026 at 9:00 a.m. or as soon as thereafter as the matter may be heard, before the Honorable Michael D. Washington in Department C-73 of the San Diego County Superior Court located at 330 West Broadway San Diego, California 92101, Plaintiff Terrance Young ("Plaintiff") will and hereby does move for entry of an order and judgment approving the PAGA Settlement Agreement ("Settlement Agreement," "Settlement," or "Agreement") entered between Plaintiff and Defendants Axos Bank and Axos Financial, Inc. ("Defendant"), attached as **Exhibit 2** to the Declaration of Douglas Han pursuant to Labor Code section 2699(l).

This motion is based upon this notice of motion and motion; Declaration of Plaintiff's Counsel (Douglas Han); and Declaration of Plaintiff (Terrance Young) in support thereof; Proposed Order approving the Settlement Agreement; pleadings and other records on file with the Court in this matter; and such evidence and oral argument as may be presented.

Dated: August 20, 2026

JUSTICE LAW CORPORATION

By: D. Han

Douglas Han
Attorneys for Plaintiff

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MEMORANDUM OF POINTS AND AUTHORITIES

I. SUMMARY OF MOTION

Plaintiff seeks approval of the Settlement Agreement that was entered between Plaintiff and Defendant. Plaintiff entered the Settlement Agreement on behalf of Plaintiff and all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from February 23, 2020, through June 23, 2026 ("Aggrieved Employees," and "PAGA Period").

II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND

On February 23, 2021, Plaintiff provided a written notices to the California Labor and Workforce Development Agency ("LWDA") and Defendant. On May 3, 2021, Plaintiff filed a representative Private Attorneys General Act of 2004 ("PAGA") action in the Superior Court of California, County of San Diego.[1]

After engaging in discovery, investigations, and negotiations, on January 22, 2025 and June 23, 2026, the Parties participated in mediations with a well-regarded, experienced mediator, resulting in the settlement of this matter via a mediator's proposal.[2]

III. SUMMARY OF THE SETTLEMENT TERMS

A. Allocation of the Gross Settlement Amount

The Settlement Agreement provides that Defendant will pay a non-reversionary Gross Settlement Amount of $1,499,999. The PAGA Fund will be the Gross Settlement Amount less the following payments: (1) attorneys' fees of $569,999.62; (2) attorneys' costs of $45,160.99; (3) enhancement payment of $25,000; and (4) administration costs of $15,000.[3]

The current amount of the PAGA Fund is estimated to be $844,838.39. Seventy-five percent (75%) of the PAGA Fund will be transmitted to the LWDA pursuant to Labor Code section

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[1] (Declaration of Douglas Han ("Han Decl."), ¶ 10; Exhibits 8-10.)

[2] (*Id.* at ¶¶ 11-15.)

[3] (Settlement Agreement attached as **Exhibit 2** to the Declaration of Douglas Han ("Settlement Agreement"), § 8.)

2699(i). The remaining twenty-five percent (25%) of the PAGA Fund will be distributed to the Aggrieved Employees using the formula set forth in the Agreement.[4]

B. Distribution of the PAGA Fund

Defendant shall provide the Administrator a list of Aggrieved Employees in the manner and timeline set forth in the Agreement. The Gross Settlement Amount will be deposited into a qualified settlement fund created by the Administrator and will be disbursed to the appropriate entities and persons in the manner and timeline set forth in the Agreement. Uncashed settlement checks will be directed to the California State Controller's Unclaimed Property division.[5]

C. The Scope of the Release in the Settlement Agreement

Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, LWDA, and Aggrieved Employees are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all the claims for the PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the complaint and PAGA Notice filed in relation to this case and that occurred during the PAGA Period.[6] (*Arias v. Sup. Ct.* (2009) 46 Cal.4th 969, 980, 986 [a plaintiff suing under PAGA "does so as the proxy or agent of the state's labor law enforcement agencies," and, as such, "represents the same legal right and interest as state labor law enforcement agencies … ."].) A judgment in a PAGA action "binds not only that [plaintiff] employee but also the state labor law enforcement agencies." (*Ibid.*) Furthermore, "[b]ecause an aggrieved employee's action under [PAGA] functions as a substitute for an action brought by the government itself, a judgment in that action binds all those, including nonparty aggrieved employees, who would be bound by a judgment in an action brought by the government." (*Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 986.) "Accordingly, with respect to the

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4 (Settlement Agreement, *supra*, at §§ 8(d), 8(e).)

5 (*Id.* at § 11.)

6 (*Id.* at § 5.)

recovery of civil penalties, nonparty employees as well as the government are bound by the judgment in an action brought under [PAGA] … .” (*Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 986.)

D. No Right to Object to or Opt Out of the Settlement

“[A] PAGA action is a statutory action for penalties brought as a proxy for the state … there is no need to protect absent employees’ due process rights[.]” (*Williams v. Sup. Ct.* (2017) 3 Cal.5th 531, 546.) “Unnamed employees need not be given notice of the PAGA claim, nor do they have the ability to opt-out of the representative PAGA claim.” (*Ochoa-Hernandez v. CJADERS Foods, Inc.* (N.D. Cal. Apr. 2, 2010), 2010 WL 3570777, at *5.) “PAGA does not make other potentially aggrieved employees parties” and no “due process concerns arise under PAGA because absent employees do not own a personal claim for PAGA civil penalties and whatever personal claims the absent employees might have for relief are not at stake.” (*Williams*, at pp. 546-547 (internal references omitted, citing *Amalgamated Transit Union, Local 1756, AFL-CIO v. Sup. Ct.* (2009) 46th Cal.4th 993, 1003 and *Iskanian v. CLS Trans. Los Angeles, LLC*, (2014) 58 Cal.4th 348, 381.)) “[A]bsent fellow employees will be bound by the outcome of any PAGA action[.]” (*Williams*, at p. 548 (internal references omitted, citing *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at pp. 980-981; *Fireside Bank v. Sup. Ct.* (2007) 40 Cal.4th 1069, 1074 and *Richmond v. Dart Indus., Inc.* (1981) 29 Cal, 3d 462, 474.)

Consistent with this law, the Settlement Agreement does not have a procedure for the Aggrieved Employees to object to or exclude themselves from the settlement.

IV. STANDARD FOR APPROVAL OF PAGA SETTLEMENT

PAGA allows an “aggrieved employee” to bring a civil action on behalf of themself, other aggrieved employees, and State of California to recover civil penalties with respect to provisions of the Labor Code that do not provide for civil penalties. Before bringing a civil action under PAGA, an employee must comply with Labor Code section 2699.3. (Lab. Code § 2699(a).) A court “may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory.” (Lab. Code § 2699(e)(2).)

The settlement of a PAGA claim requires court approval. (Lab. Code § 2699(l)(2).) "A PAGA claim asserted on a non-class representative basis . . . is not considered a class action but a law enforcement action" and does not have to meet the requirements of a class action. (*Casida v. Sears Holdings Corp.* (E.D. Cal. Jan. 26, 2012) 2012 WL 253217, at *3; *Thomas v. Aetna Health of Cal., Inc.* (E.D. Cal. June 2, 2011) 2011 WL 2173715, at *11; *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at pp. 980-988 (affirming lower court's holding that "plaintiff need not satisfy class action requirements" to assert a PAGA claim); *Pedroza v PetSmart, Inc.* (C.D. Cal. Jan. 28, 2013) 2013 WL 1490667, at *15.) A court's review of a PAGA settlement involves analysis of several unique features that render the approval process distinct from approval of a class action settlement. A court reviewing a PAGA settlement only needs to "ensur[e] that a negotiated resolution is fair to those affected." (*Williams v. Sup. Ct.*, *supra*, 3 Cal.5th at p. 549 (citing Lab. Code § 2699(l)(2)).) The Court of Appeal has held that "a trial court should evaluate a PAGA settlement to determine whether it is fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 77.)

The Court's focus is on whether the total settlement amount achieves PAGA's objectives. PAGA's purpose "to incentivize private parties to recover civil penalties for the government that otherwise may not have been assessed and collected by overburdened state enforcement agencies." (*Ochoa-Hernandez*, *supra*, 2010 WL 3570777, at *4 (citing *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 986).) Penalties recovered under the PAGA are partly to "be distributed to the [LWDA] for enforcement of labor laws . . . and for education of employers and employees about their rights and responsibilities under this code, to be continuously appropriated to supplement and not supplant the funding to the agency for those purposes." (Lab. Code § 2699(j).)

V. <u>THE SETTLEMENT IS FAIR AND SHOULD BE APPROVED.</u>

A. <u>The Factors Giving Rise to a Presumption of Fairness Exist.</u>

A settlement agreement that is "the product of extensive and hard-fought adversarial negotiations between the parties" is entitled to a presumption of fairness. (*Wershba v. Apple*

Computer, Inc. (2001) 91 Cal.App.4th 224, 245.)

The Court should give considerable weight to the competency, experience, and opinion of counsel and involvement of a neutral mediator in assuring that the settlement is a product of hard-fought negotiations that were entered without collusion. (*Kirkorian v. Borelli* (N.D. Cal. 1988) 695 F.Supp. 446, 451 (opinion of experienced counsel is entitled to considerable weight); *Boyd v. Bechtel Corp.* (N.D. Cal. 1979) 485 F.Supp. 610, 616-617, 622 (recommendations of Plaintiff's Counsel should be given a presumption of reasonableness); see also *Satchell v. Fed. Express Corp.* (N.D. Cal. Apr. 13, 2007) 2007 WL 1114010, at *4 (stating the "assistance of an experienced mediator in the settlement process confirms that the settlement is non-collusive").)

B. <u>The Relative Strength of the PAGA Claim and Range of Possible Outcomes.</u>

Defendant maintained that it had compliant employment policies and practices throughout the statutory period. If this case had not been settled, Defendant would have likely denied that the other employees were aggrieved. Defendant further argued that the Court was unlikely to assess cumulative penalties for the maximum number of possible separate Labor Code violations because the "subsequent violation" theory of PAGA recovery would not be triggered in this case, and it would be unjust, arbitrary, oppressive, and/or confiscatory. (See e.g. *Bernstein v. Virgin Am., Inc.* (9th Cir. 2021) 3 F.4th 1127, 1144.) Defendant even asserted that the PAGA penalties are not mandatory but permissive and discretionary and maintained that it had a strong argument that it would be unjust to award the maximum PAGA penalties. (*Thurman v. Bayshore Transit Mgmt., Inc.* (2012) 203 Cal.App.4th 1112 [reducing penalties by 30% under this authority].)[7]

The provisions of the Labor Code triggering PAGA penalties include, but are not limited to, Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802. To recover civil penalties, it must be proven that the Aggrieved Employees suffered from the underlying Labor Code violations and that Defendant's conduct gave rise to penalties. (See e.g. *Elliot v. Spherion Pac. Work, LLC* (C.D.

[7] (Han Decl., *supra*, at ¶¶ 19-22.)

Cal. 2008) 572 F.Supp.2d 1169, 1181-1182.)[8]

When using a one hundred percent (100%) violation rate and based on the fifty-five (55) average pay periods, the penalties exposure for the eligible pay periods could be approximately **$8,525,000** ([55 average pay periods x $100 per penalty] x 1,550 aggrieved employees in the PAGA Period). But Plaintiff's Counsel considered Defendant's defenses and counterarguments in addition to the amendments made to PAGA as of July 1, 2024. Under a more conservative approach and limited to the initial violation, Plaintiff believes that the PAGA penalties could be around **$155,000** (1,550 employees x $100 initial violation) on the low end and about **$1,240,000** (1,550 employees x $100 initial violation x 8 theories of recovery) on the high end.[9]

Plaintiff recognized the risk that any PAGA award could be reduced, and many of the claimed Labor Code violations underlying the PAGA claim were cumulative. In other words, the Gross Settlement Amount for the PAGA penalties was reasonable and significant. When the PAGA penalties are negotiated in good faith and "there is no indication that [the] amount was the result of self-interest at the expense of other Class Members," such amounts are generally considered reasonable. (*Hopson v. Hanesbrands Inc*. (N.D. Cal. Apr. 3, 2009) No. 08-00844, 2009 U.S. Dist. LEXIS 33900 at *24; see e.g. *Nordstrom Com. Cases* (2010) 186 Cal.App.4th 576, 579 ("[T]rial court did not abuse its discretion in approving a settlement which does not allocate any damages to the PAGA claims.").) Finally, Plaintiff's Counsel negotiated an average of **$17.65** [$1,499,999 ÷ 85,000 total pay periods in PAGA Period] in penalties per pay period.[10]

C. The Settlement Avoids Risky, Complex, and Lengthy Litigation.

The courts favor voluntary conciliation and settlement of complex litigation. (*Class Plaintiffs v. City of Seattle* (9th Cir. 1992) 955 F.2d 1268, 1276.) Generally, "unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive

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8 (Han Decl., *supra*, at ¶ 23.)

9 (*Id.* at ¶¶ 24-27.)

10 (*Id.* at ¶ 28.)

litigation with uncertain results." (*Nat'l Rural Telecomms. Coop. v. DIRECTV, Inc.* (C.D. Cal. Jan. 5, 2004) 221 F.R.D. 523, 526 (citation omitted).)

The Parties utilized the pre-mediation period to investigate the veracity, strength, and scope of the PAGA claim. The Parties conducted discovery and exchanged documents and data to mediate the claims related to the Labor Code violations and relevant defenses, as well as to assess the potential value and strength of the PAGA claim. Plaintiff's Counsel determined that pursuing a settlement was preferable to taking the uncertain and potentially risky trial route. Even if a similar settlement could have been negotiated later, it would have been significantly diminished by additional costs and expenses incurred. Thus, the settlement provides an immediate recovery rather than the mere possibility of recovery at an unspecified future date.[11]

D. The Settlement Is Fair, Adequate, and Reasonable.

"[T]he very essence of a settlement is compromise, 'a yielding of absolutes and an abandoning of highest hopes.'" (*Officers for Justice v. Civil Serv. Comm'n* (9th Cir. 1981) 688 F.2d 615, 624.) "The proposed settlement is not to be judged against a hypothetical or speculative measure of what might have been achieved by the negotiators." (*Id.* at p. 625.)

The settlement provides a substantial monetary benefit to the LWDA and Aggrieved Employees. The proposed plan for allocation of the PAGA Fund to the LWDA and Aggrieved Employees fully complies with Labor Code section 2699(i). Furthermore, Plaintiff and Plaintiff's Counsel acknowledge the expense, duration, risk, and uncertainty associated with the continued proceedings required to litigate this dispute. As previously mentioned, to recover civil penalties, Plaintiff would need to demonstrate that the Aggrieved Employees experienced the underlying Labor Code violations and that Defendant's actions resulted in penalties. Finally, Plaintiff and Plaintiff's Counsel considered Defendant's agreement to settle in a manner that provides immediate relief in addition to Defendant's defenses and counterarguments. Thus, Plaintiff and Plaintiff's Counsel believe that the settlement is fair, reasonable, and adequate.[12]

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[11] (Han Decl., *supra*, at ¶¶ 11-15.)

[12] (*Id.* at ¶¶ 19-22, 39.)

E. Experience and Views of Plaintiff's Counsel.

Plaintiff's Counsel are experienced in complex representative and class action wage-and-hour litigation. Plaintiff's Counsel believe that the benefit offered by the settlement is fair and reasonable and in the best interests of the LWDA and Aggrieved Employees.[13]

VI. APPROVAL OF THE ATTORNEYS' FEES.

A. A Fee Award of a Percentage of the Entire Fund is Appropriate.

The Settlement Agreement provides for the payment of attorneys' fees of $569,999.62 (38% of the Gross Settlement Amount) to Plaintiff's Counsel. The attorneys' fees are commensurate with the: (1) risks taken by Plaintiff's Counsel; (2) time, effort, and expense dedicated by Plaintiff's Counsel; (3) skills and determination shown by Plaintiff's Counsel; (4) value achieved by Plaintiff's Counsel; and (5) other cases turned down by Plaintiff's Counsel. Plaintiff's Counsel have also been awarded at least thirty-eight percent (38%) fee requests or more in similar class action and representative matters throughout the State of California.[14]

The propriety of calculating and awarding attorneys' fees as a percentage of a monetary fund preserved or recovered for the benefit of others has been confirmed by the California Supreme Court. (*Laffitte v. Robert Half Int'l, Inc.* (2016) 1 Cal.5th 480, 486, 506.) While trial courts have discretion to apply either a lodestar method or percentage of-the-fund method, the California Supreme Court has taken the position that trial courts "retain the discretion to forgo a lodestar cross-check and use other means to evaluate the reasonableness of a requested percentage fee[,]" and "[t]he percentage of fund method survives in California." (*Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at pp. 486, 506 (internal quotes omitted); see also *Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 253.)

The percentage fee method is preferred in representative actions as "it better approximates the workings of the marketplace than the lodestar approach." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 48.) California law provides that the award for attorneys' fees should

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[13] (Han Decl., *supra*, at ¶¶ 2-7; Exhibit 1.)

[14] (*Id.* at ¶ 36.)

be equivalent to fees freely negotiated in the legal marketplace and paid in comparable litigation based on the result achieved and risk incurred. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at pp. 47, 50; *Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 503.) In cases where the agreement provides that the defendant agrees to pay the attorneys a percentage of the fund created by the agreement, use of that percentage method is appropriate. (*Lealao*, at p. 32.) The attorneys' fees in class and representative actions should approximate the probable terms of a contingent fee contract negotiated by an attorney and client in similar litigation. (*Id.* at p. 48.) "The ultimate goal … is the award of a 'reasonable' fee to compensate counsel for their efforts, irrespective of the method of calculation." (*Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557-558 (quotation omitted).)

B. <u>The Attorneys' Fees are Reasonable Based on the Factors Considered.</u>

The factors courts consider in determining whether fee awards are reasonable are: (1) time and labor required; (2) novelty and difficulty of the questions; (3) requisite skills to perform the legal services; (4) preclusion of other employment by the attorney; (5) customary fee; (6) whether the fee is fixed or contingent; (7) time limitation imposed; (8) amount involved and results obtained; (9) experience, reputation and ability of the attorney; (10) undesirability of the case; (11) nature and length of the professional relationship; and (12) awards in similar cases. (*Camden I Condo. Ass'n, Inc. v. Dunkel* (11th Cir. 1991) 946 F.2d 768, 772.)

1. The Results Obtained

The results attorneys obtain for their clients is an important factor when determining the reasonability of a percentage-based fee. (*Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 489.) Law firms that obtain exceptional results expect those results to be reflected in their fees.

The results obtained herein are exceptional as Plaintiff's Counsel obtained a settlement of $1,499,999 after extensive litigation comprised of discovery, depositions, appeals, and mediations. If this case went to trial, there was no guarantee that the trial would have been short or that either party would have prevailed. Even if the Parties reached a similar settlement, it would have been significantly undercut by the additional expenses incurred. By avoiding the uncertainties associated with participating in a trial and Defendant's responses to the allegations, Plaintiff's Counsel obtained those results more quickly and surely than if the matter had been litigated to final resolution. Under the law, this factor supports the attorneys' fees. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 51.)

2. The Risks Undertaken

Whether or not representation is provided on a contingency basis is an important factor:

> A contingent fee must be higher than a fee for the same legal services paid as they are performed [and] […] compensates the lawyer not only for the legal services he renders but for the loan of those services. A lawyer who both bears the risk of not being paid and provides legal services is not receiving the fair market value of his work if he is paid only for the second of these functions. If he is paid no more, competent counsel will be reluctant to accept fee award cases.

(*Cates v. Chiang* (2013) 213 Cal.App.4th 791, 823.)

Plaintiff executed a contingent fee agreement. This meant that no recovery would have equated to no compensation for 462.7 hours of work and $45,160.99 in litigation costs incurred. Several factors also made this case difficult, thereby contributing to the risks undertaken by Plaintiff's Counsel. These factors included: (1) difficulties in pinning down job responsibilities, wages paid, and meal and rest breaks taken; (2) number of documents that had to be analyzed; (3) shifting wage-and-hour laws; (4) drafting and propounding formal discovery requests and reviewing the responses; (5) gathering the necessary documents to respond to the formal discovery requests; (6) engaging in motions practice with Defendant; (7) preparing for and participating in appellate and arbitration proceedings; (8) preparing for and participating in multiple depositions; and (9) Defendant's initial firm resistance to the relief sought.[15]

Attorneys being paid on an hourly basis as opposed to being paid on a contingent basis are assuming less risks. (See e.g. *Ketchum v. Moses* (2001) 24 Cal.4th 1122, 1132-1133.) The contingent risks are a major factor when determining attorneys' fees. (See e.g. *Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 504 (noting that trial court had carefully considered risks and contingency involved in awarding 33 and 1/3% fee).)

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[15] (Han Decl., *supra*, at ¶¶ 29, 31, 32, 37.)

3. The Difficulty of the Litigation

The nature of the law, factual complexities underlying the policies and practices in place, preparing for and participating in multiple depositions and appellate and arbitration proceedings, and engaging in formal discovery and motions practice with Defendant made this case complex and difficult. Plaintiff's Counsel overcame these obstacles by obtaining a settlement that is fair, adequate, and reasonable, which speaks volumes of their skill and experience. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 42 ("special skill and experience of counsel" is a relevant factor when determining fee award).)

Due to the difficulty of this case, Plaintiff's Counsel devoted a substantial number of hours to this matter. The Task & Time Chart sets forth the hours devoted to this matter, allocating the total time to the tasks required to conclude this lawsuit. Plaintiff's Counsel had to overcome several roadblocks and obstacles before they could reach the settlement, which only further demonstrates the difficulty of this matter.[16]

4. The Skill Displayed and Quality of Work

The level of skill displayed and excellent quality of work it produced justify the attorneys' fees. Plaintiff's Counsel are skilled and experienced representatives and class action wage-and-hour litigators, and the Task & Time Chart illustrates this assertion.

Plaintiff's Counsel used the pre-mediation time to investigate the veracity, strength, and scope of the PAGA claim and to prepare for representative adjudication. This investigation and preparation included: (a) engaging in case strategy and analysis; (b) drafting, reviewing, and revising pleadings, formal discovery requests, motions, and mediation briefs; (c) preparing for and appearing at court, appellate, and arbitration proceedings; (d) preparing for and participating in multiple depositions; (e) calculating potential damages for mediation purposes; (f) preparing for and attending mediations and engaging in settlement negotiations; and (g) working with Defendant's counsel to draft, update, and finalize the Settlement Agreement (and exhibit).[17]

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[16] (Han Decl., *supra*, at ¶ 31; Exhibit 3.)

[17] (*Id.* at ¶ 13.)

Plaintiff's Counsel's accumulated skill and expertise contributed to the settlement in this case. Under California law, this factor (skills displayed and quality of work) supports the attorneys' fees. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 51.)

C. <u>The Lodestar Methodology Justifies the Attorneys' Fees.</u>

When a common fund is involved, courts may use the lodestar method. A court tasked with cross-checking a percentage-based fee considers the reasonableness of the lodestar figure, which is the time reasonably spent multiplied by the reasonable hourly compensation of the attorneys. (*Serrano v. Priest* (1977) 20 Cal.3d 25, 48.) The court may then adjust, increase, or decrease that figure after considering factors like the novelty and complexity of the issues, skill and expertise, extent the litigation precluded other employment, and risk involved. (*Id.* at p. 49.)

Based on the 462.7 hours worked, the base lodestar fees calculation is $349,735, resulting in a multiplier of 1.63 when cross-checked to the attorneys' fees.[18]

1. The Work Performed for a Reasonable Number of Hours.

Counsel is entitled to compensation for every hour reasonably spent. (*Ketchum v. Moses*, *supra*, 24 Cal.4th at p. 1133.) The reasonableness is assessed by "the entire course of the litigation, including pretrial matters, settlement negotiations, discovery, litigation tactics, and the trial itself[.]" (*Vo v. Las Virgenes Municipal Water Dist.* (2000) 79 Cal.App.4th 440, 447.)

This matter required a substantial amount of time and labor since its inception in May 2021 until its eventual settlement in June 2026 after five (5) years of active litigation. Plaintiff's Counsel had to undertake intense preparation to resolve the entire matter through mediation (*e.g.*, locating and interviewing putative aggrieved employees, engaging in formal and informal discovery and motions practice, preparing for and participating in multiple depositions and appellate and arbitration proceedings, gathering and reviewing a myriad of documents, preparing for and participating in two (2) mediations, etc.) The substantial numbers of hours that Plaintiff's Counsel devoted to this matter are set forth in the Task & Time Chart.[19]

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[18] (Han Decl., *supra*, at ¶¶ 31, 32, 34.)

[19] (*Id.* at ¶ 31; Exhibit 3.)

It was necessary for multiple attorneys to work on the same (or similar) tasks in this matter. This matter involved over 1,500 Aggrieved Employees, and Plaintiff's Counsel have a duty to thoroughly review all documents produced to ensure that all pertinent facts and issues have been spotted and analyzed. Plaintiff's Counsel also needed multiple attorneys to attend the mediations to increase the likelihood of negotiating a proper settlement. Plaintiff's Counsel have different backgrounds and experiences and used their diverse backgrounds and experiences to refine their arguments and strategies in preparation for and during mediation.

2. The Hourly Rates are Reasonable.

Plaintiff's Counsel's hourly rates are supported by the 2022 Real Rate Report that was compiled by Wolters Kluwer. The hourly rates are also in line with the Laffey Matrix. The hourly rates are also reasonable for the following reasons: (1) several courts in State of California have awarded Plaintiff's Counsel fees at similar rates; (2) comparable hourly rates for similar services have been deemed reasonable in several cases in State of California; and (3) surveys of legal rates have supported the hourly rates.[20]

The California Supreme Court has ruled that an attorney fee award that is higher than the actual fees incurred is proper in contingency cases:

> "'[A] contingent fee contract, since it involves a gamble on the result, may properly provide for a larger compensation than would otherwise be reasonable.'" The purpose of a fee enhancement, or so-called multiplier, for contingent risk is to bring the financial incentives for attorneys … into line with incentives they have to undertake claims for which they are paid on a fee-for-services basis.

(*Ketchum v. Moses*, *supra*, 24 Cal.4th at p. 1132.)

Moreover, the California Supreme Court added:

> The economic rationale for fee enhancement in contingency cases has been explained as follows: "A contingent fee must be higher than a fee for the same legal services paid as they are performed. The contingent fee compensates the lawyer not only for the legal services he renders but for the loan of those services. The implicit interest rate on such a loan is higher because the risk of default (the loss of the case, which cancels the debt of the client to the lawyer) is much higher than that of conventional loans."

[20] (Han Decl., *supra*, at ¶ 33; Exhibits 4, 5.)

(*Ketchum v. Moses*, *supra*, 24 Cal.4th at pp. 1132-1133.)

Furthermore, "[F]ee enhancements are intended to compensate for the risk of loss generally in contingency cases *as a class*." (*Ketchum v. Moses*, *supra*, 24 Cal.4th at p. 1133.) In fact, under California law, "[m]ultipliers can range from 2 to 4 or even higher." (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 255.) For instance, in *Building a Better Redondo, Inc. v. City of Redondo Beach* (2012) 203 Cal.App.4th 852, 874, the court noted, "[T]he modest multiplier the trial court employed was justified by the contingent nature of counsel's compensation." Similarly, the court in *Pulliam v. HNL Automotive Inc.* (2021) 60 Cal.App.5th 396, 409 even ruled, "The requested multiplier was modest and it accounted for the risk plaintiff's counsel took in litigating the case against defendants whom the court found made the case challenging and protracted." Plaintiff's Counsel undertaking this case on a contingent basis and risking no payment justifies the attorneys' fees even if it results in a multiplier under the lodestar analysis. The risk of no pay was exacerbated by the obstacles and difficulties that Plaintiff's Counsel encountered, as described above, making this case challenging and protracted.

Finally, the November 2023 Declaration of Richard M. Pearl has opinioned that a multiplier under the lodestar cross-check is reasonable when considering the excellent results achieved, financial risks undertaken, novelty and difficulty of the case, skills required, percentage fees awarded in other cases, and contingent fees charges in the private marketplace. Richard M. Pearl listed several cases with even higher multiplier than the instant case. Finally, Richard M. Pearl has opinioned that Class Counsel's hourly rates were reasonable and proper.[21]

VII. THE ATTORNEYS' COSTS SHOULD BE APPROVED

The Agreement allows for the payment of the attorneys' costs of up to $50,000. Plaintiff's Counsel incurred litigation costs and expenses of $45,160.99. Plaintiff's Counsel request that the Court order the reimbursement of the above-mentioned litigation costs and expenses.[22]

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[21] (Han Decl., *supra*, at ¶ 35; Exhibit 6.)

[22] (*Id.* at ¶ 37; Exhibit 7.)

VIII. <u>THE ENHANCEMENT PAYMENT SHOULD BE APPROVED</u>

The purpose of an enhancement award is to incentivize plaintiffs to step into the shoes of the state labor agency and undertake the risks associated with initiating a lawsuit and serving in a representative capacity. (*Bell v. Farmers Ins. Exch.* (2004) 115 Cal.App.4th 715, 726 ("service payments" compensate named plaintiff "for [her] efforts in bringing the action"); *Clark v. Am. Residential Servs., LLC* (2009) 175 Cal.App.4th 785, 804 ("an incentive award is appropriate 'if it is necessary to induce an individual to participate in the suit'"); accord *Ingram v. The Coca-Cola Co.* (N.D. Ga. 2001) 200 F.R.D. 685, 694 (internal quotation marks omitted) ("Courts routinely approve incentive awards to compensate named plaintiffs for the services they provided and the risks they incurred during the course of the [...] litigation.").)

The Settlement Agreement provides for the payment of the enhancement payment of $25,000 to Plaintiff in this matter. Plaintiff spent time and effort in locating and producing relevant documents and past employment records, reviewing relevant documents, and providing the facts and evidence supporting the allegations. Plaintiff was available whenever needed by Plaintiff's Counsel and actively tried to obtain and provide as much information as possible. Plaintiff spent hours speaking with Plaintiff's Counsel about the alleged violations, discussing the work experiences and work environment, helping Plaintiff's Counsel develop a strategy to obtain additional documents, and reviewing the relevant documents. Plaintiff even prepared for and had their deposition taken, prepared for and sat in for two (2) days of arbitration testimony, and gathered the necessary documents to respond to the formal discovery requests. Plaintiff also made themself available all day to participate in and assist with the mediations.[23]

Plaintiff was advised of and accepted the risks and sacrifices associated with serving as the named plaintiff. Plaintiff is also not related to anyone associated with Plaintiff's Counsel, has not entered any undisclosed agreements, and has not received undisclosed compensation.[24]

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[23] (Han Decl., *supra*, at ¶ 38; Declaration of Terance Young ("Young Decl."), ¶¶ 5-10.)

[24] (Han Decl., *supra*, at ¶ 38; Young Decl., *supra*, at ¶¶ 11-14.)

IX. CONCLUSION

The Settlement Agreement is fair, adequate, and reasonable, as it represents a reasonable compromise. Plaintiff requests that the Court approve the Settlement Agreement, including the plan of allocation and distribution of the above-mentioned payments.

Dated: August 20, 2026

JUSTICE LAW CORPORATION

By: D. Han

Douglas Han
Attorneys for Plaintiff

PROOF OF SERVICE
1013A(3) CCP

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, CA 91103 and my electronic service address jtorrez@justicelawcorp.com

On August 20, 2026, I served the foregoing document described as

NOTICE OF MOTION AND MOTION FOR APPROVAL OF PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE § 2698, ET SEQ.) SETTLEMENT AGREEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

for the following case:	**Young v. Axos Financial, Inc., et al.**
LWDA/Court Case No.:	**LWDA Case No.: CM-822513-21** **Court Case No.: 37-2021-00019535-CU-OE-CTL** **San Diego County Superior Court**

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

[X] BY ELECTRONIC SUBMISSION
Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

[X] STATE
I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 20, 2026, at Pasadena, California.

Jessica Torrez