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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

ANN KLEIN PACIA, an individual, on behalf of
herself, and on behalf of all persons similarly
situated,

Plaintiff,

v.

KILROY REALTY, L.P., a Limited Partnership;
KILROY REALTY CORPORATION, a
Corporation; and DOES 1 through 50, inclusive,

Defendants.

Case No. 21STCV20624

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF MOTION
FOR FINAL APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT**

Date: November 17, 2023

Time: 10:30 a.m.

Judge: Hon. Stuart M. Rice

Dept.: 1

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I. INTRODUCTION

Plaintiff ANNKLEIN PACIA (hereinafter “Plaintiff”) seeks final approval of the Class Action and PAGA Settlement Agreement and Class Notice (“Agreement”)¹, which if approved, would provide valuable monetary relief for 266 Settlement Class Members employed by Defendants KILROY REALTY, L.P. and KILROY REALTY CORPORATION (hereinafter “Defendants”) during the Class Period.

In an order dated May 1, 2023, this Court preliminarily approved the Agreement and preliminarily certified the Class. Declaration of Jean-Claude Lapuyade (“JCL Dec.”), ¶ 6. On May 30, 2023, the Court-approved Class Notice was mailed to each Class Member via U.S. First Class Mail. Declaration of Nicole Bench (“ILYM Dec.”), ¶ 8. On September 14, 2023, a corrected Class Notice was mailed to each Class Member via U.S. First Class Mail. ILYM Dec., ¶ 12. *As of the filing of this motion, the Class greeted news of the Settlement with almost unanimous approval as, at the time of the filing of this motion, 98.87% of Class Members have chosen to participate in the Settlement.*² There are three opt-outs and zero objections to the Settlement. ILYM Dec., ¶¶ 16-18. The high approval by the Settlement Class evidences the clear fairness and reasonableness of the Settlement. JCL Dec., ¶ 8.

An objective evaluation of the proposed settlement of Eight Hundred Seventy-Six Thousand Nine Hundred Seventy-Seven Dollars and Nineteen Cents (\$876,977.19) (“Maximum Settlement Amount”)³ confirms that the relief negotiated on behalf of the Settlement Class is fair, reasonable, and valuable. The Settlement is a product of informed, adversarial, and non-collusive negotiations, between experienced counsel, and presided over by Steven Rottman, Esq., a highly regarded mediator. After deducting any Court-approved attorneys’ fees and litigation costs, class representative incentive payments, settlement administration fees, background check payments to the Class Members, and the

¹ The Agreement is attached as Ex “1” to the Declaration of Jean-Claude Lapuyade (“JCL Dec.”) at ¶ 3. All citations to the Agreement incorporate by this reference a citation to the JCL Dec. Further, unless indicated otherwise, capitalized terms used herein have the same meaning as those defined by the Agreement.

² As of the filing date of this Motion, six (6) Notices were deemed undeliverable. ILYM Dec. at ¶ 15. The deadline for Class Members to opt-out or object is October 30, 2023. ILYM Dec. at ¶ 12. Class Counsel will provide an updated declaration from the administrator following the response deadline.

³ During the initial notice period, Defendants discovered that they had under-reported the number of workweeks, and that the actual number of workweeks was 29,060. The Agreement contains an escalator provision, pursuant to which the Maximum Settlement Amount would increase in proportion to any workweeks above a threshold. The new total, 29,060, exceeded the threshold, 28,829, by 0.85%. Accordingly, the Maximum Settlement Amount increased from \$870,000.00 to \$876,977.19. ILYM Dec. at ¶ 10.

1 payment to the Labor & Workforce Development Agency (“LWDA”), the net settlement fund shall be
2 distributed to the Settlement Class based on the number of Workweeks they worked while employed by
3 Defendants during the Class Period. JCL Dec., ¶ 8.

4 This Settlement provides substantial recovery to Settlement Class Members. Plaintiff estimates
5 that the Settlement, if approved, would result in a Net Settlement Amount of approximately
6 **\$461,651.46**. This will result in an average Individual Class Payment (including the Background Check
7 Payment) of **\$1,945.44**, and a high payment of **\$4,840.30**. ILYM Dec. at ¶ 19. Aggrieved Employees
8 will receive an average Individual PAGA Payment of **\$28.41** and a high payment of **\$75.26**. JCL Dec.,
9 ¶ 9; ILYM Dec. at ¶ 20.

10 The relief offered by the Settlement is immediate and is particularly impressive when viewed
11 against the difficulties encountered by plaintiffs pursuing similar wage and hour cases (*see infra*).
12 Indeed, by settling now rather than proceeding to trial, the Settlement Class will not have to wait
13 (possibly years) for relief, nor will they have to bear the risks associated with prolonged and uncertain
14 litigation. JCL Dec., ¶ 10.

15 As discussed below, the proposed Settlement satisfies all criteria for final settlement approval
16 under California law and falls well within the range of reasonableness. Accordingly, the Class
17 Representative and Class Counsel respectfully request this Court grant final approval of the Agreement
18 and entry of the proposed Final Approval Order and Judgment. JCL Dec., ¶ 11.

19 **II. OVERVIEW OF THE LITIGATION**

20 Defendants own and manage real estate throughout California, including Los Angeles County
21 where Plaintiff worked. Plaintiff worked for Defendants as a non-exempt employee in California from
22 March 2020 to October 2020. At all times during his employment, Plaintiff earned an hourly wage and
23 was entitled to legally complaint meal and/or rest periods, minimum, regular, and overtime wages.
24 Throughout her employment, Plaintiff was subject to Defendants’ written policies and procedures. JCL
25 Dec., ¶ 12; Declaration of Annklein Pacia (“AP Dec.”), ¶¶ 2-4.

26 Defendants forcefully deny liability for each of Plaintiff’s claims. Further, Defendants assert that
27 they fully complied with all applicable employment laws and raised several other significant defenses
28

1 to Plaintiff's claims, including but not limited to, facially compliant meal and rest period policies,
2 compliant wage statements, reimbursement for all required business expenses, and payment of all wages
3 upon separation. JCL Dec., ¶ 13.

4 On February 3, 2021, Plaintiff served Defendants and the Labor and Workforce Development
5 Agency ("LWDA") with a Notice of Violations ("PAGA Notice"). Plaintiff's PAGA Notice set forth
6 the facts and theories supporting Defendants' alleged violations of various provisions of the California
7 Labor Code and applicable Industrial Welfare Commissions ("IWC") Wage Order and of her intent to
8 pursue claims under California Labor Code Private Attorneys General Act, Cal. Lab. Code sections 2698
9 *et seq* ("PAGA"). JCL Dec., ¶ 14.

10 On June 2, 2021, Plaintiff filed a class action complaint in the Los Angeles Superior Court, Case
11 Number 21STCV20624 (the "Action"). The Action alleged nine causes of action against Defendants
12 for: (1) Unfair Competition in Violation of California Business and Professions Code §§ 17200 *et seq*;
13 (2) Failure to Pay Minimum Wages in Violation of Cal. Lab. Code §§ 1194, 1197, 1197.1; (3) Failure
14 to Pay Overtime Wages in Violation of Cal. Lab. Code §§ 510 *et seq.*; (4) Failure to Provide Required
15 Meal Periods in Violation of Cal. Lab. Code §§ 226.7 and 512; (5) Failure to Provide Required Rest
16 Periods in Violation of Cal. Lab. Code §§ 226.7 and 512; (6) Failure to Provide Accurate Itemized Wage
17 Statements in Violation of Cal. Lab. Code § 226; (7) Failure to Provide Wages When Due in Violation
18 of Cal. Lab. Code §§ 201, 202, and 203; (8) Failure to Reimburse Employees for Required Expenses in
19 Violation of Cal. Lab. Code § 2802; (9) Violation of the Fair Credit Reporting Act for Failure to Make
20 Proper Disclosures [15 U.S.C. § 1681, *et seq.*]; (10) Violation of the Fair Credit Reporting Act for
21 Failure to Obtain Proper Authorization [15 U.S.C. § 1681, *et seq.*]; (11) Violation of the Investigative
22 Consumer Reporting Agencies for Failure to Make Proper Disclosures [Cal. Civ. Code § 1786, *et seq.*];
23 (12) Violation of the Consumer Credit Reporting Agencies Act for Failure to Obtain Proper Disclosures
24 [Cal. Civ. Code § 1785; *et seq.*]; (13) Wrongful Termination in Violation of Public Policy; and (14)
25 Violation of Govt. Code § 12940.⁴ On September 20, 2021, Plaintiff filed a First Amended Complaint

26
27 ⁴ Plaintiff has agreed to settle her individual wrongful termination claims pursuant to a separate, confidential, settlement
28 agreement. Concurrently with this motion for final approval, Plaintiff has filed a request for dismissal seeking to dismiss the
13th and 14th causes of action in the Action. Pursuant to the Court's request, Plaintiff submitted the individual settlement
agreement for in camera review on April 28, 2023.

1 to add a cause of action for Violations of the Private Attorney General Act at Lab. Code §§ 2698 *et*.
2 *seq.*, while dismissing the Background Check Class Claims (causes of action 9-12). On March 2, 2023,
3 Plaintiff filed a Second Amended Complaint reasserting the Background Check Class Claims. JCL Dec.,
4 ¶ 15.

5 Prior to mediation, the Parties agreed to informally exchange information subject to the mediation
6 privilege, including but not limited to, a significant sample of the Class Members’ time data and certain
7 payroll data points. As discussed *infra*, Plaintiff’s counsel retained the forensic consultants at Berger
8 Consulting Group (“BCG”) to analyze Defendants’ time and payroll data. JCL Dec., ¶ 16.

9 On September 29, 2022, the Parties participated in a full day mediation with Steven Rottman,
10 Esq., a highly regarded mediator of wage and hour class actions. After arms-length negotiations and
11 bargaining, the Parties reached an agreement to settle based on Mr. Rottman’s recommendation and
12 signed a Memorandum of Understanding. After reaching an agreement in principle, the Parties drafted
13 and negotiated a long-form settlement agreement, which is the subject of the instant motion. JCL Dec.,
14 ¶ 17.

15 On May 1, 2023, this Court granted preliminary approval of the Settlement. JCL Dec., ¶ 4. On
16 September 14, 2023, the Settlement Administrator mailed corrected Notice Packets to all 266 Settlement
17 Class Members. ILYM Dec., ¶ 12. The mailing of the Notice Packets triggered a forty-five (45) day
18 Response Deadline for the Settlement Class to submit requests for exclusion or objections to the
19 Settlement. The response from the Settlement Class to the Settlement has been outstanding – as of the
20 filing of this motion, 98.87% of the Class Members are participating in the Settlement. ILYM Dec., ¶¶
21 16-18.

22 **III. THE SETTLEMENT BEFORE THE COURT**

23 The Court preliminarily approved an initial Maximum Settlement Amount of Eight Hundred
24 Seventy Thousand Dollars and Zero Cents (\$870,000.00) based on a total of an estimated 26,208
25 Workweeks worked by the Class during the Class Period. During the initial notice period, Defendants
26 discovered that they had under-reported the number of workweeks, and that the actual number of
27 workweeks was 29,060. The Agreement contains an escalator provision, pursuant to which the
28

Maximum Settlement Amount would increase in proportion to any work weeks above a threshold. The new total, 29,060, exceeded the threshold, 28,829, by 0.85%. Accordingly, the Maximum Settlement Amount increased from \$870,000.00 to \$876,977.19. JCL Dec., ¶ 18.

The Maximum Settlement Amount shall be used: (1) to satisfy Individual Class Payments; (2) to satisfy the Class Representative Payment; (3) to satisfy the Class Counsel Attorneys' Fees and Litigation Costs Payment; (4) to satisfy the PAGA Payment; (5) to satisfy the Background Check Payment; and (6) to satisfy the Settlement Administration Fees incurred in this action. JCL Dec., ¶ 19.

Defendants will fund the Settlement by transferring the Maximum Settlement Amount into a Qualified Settlement Fund within sixty-five (65) calendar days after the Effective Date. Agreement, § 4.3. The Settlement Administrator shall mail the Individual Class Payments, Individual Background Check Payments, and Individual PAGA Payments to the Settlement Class Members and/or Aggrieved Employees no later than fourteen (14) calendar days after Defendants fund the Maximum Settlement Amount. Agreement, § 4.4. The Settlement Administrator will calculate Individual Class Payments by dividing the Net Settlement Amount by the total number of Workweeks worked by all Settlement Class Members during the Class Period and multiplying the result by each Settlement Class Member's Workweeks. Agreement, § 3.2.4.1. The estimated average Individual Class Payment (including the Background Check Payment) is approximately **\$1,945.44**. The Background Check Payment will be paid to the Settlement Class Members on a per capita basis. Agreement, § 1.6. JCL Dec., ¶ 20; ILYM Dec., ¶ 19.

In exchange for the valuable consideration, as of the funding of the Maximum Settlement Amount, the Settlement Class Members will release the Defendants from the Released Class Claims that accrued during the Class Period. The Aggrieved Employees, the LWDA, and the State of California will release the Defendants from the Released PAGA Claims for the PAGA Period. Agreement at § 6.

ILYM Group, Inc. was appointed as the Settlement Administrator for the Class. Settlement Administration Fees include those expenses of effectuating and administering the Settlement, i.e., the costs incurred to the Settlement Administrator, the costs of giving notice to the Class, the costs of administering and disbursing the Individual Settlement Payments, and the fees of the Settlement

1 Administrator approved for reimbursement by the court. The Settlement Administrator expenses are
2 \$8,000.00. ILYM Dec., ¶ 21. These expenses shall be paid from the Maximum Settlement Amount.
3 Agreement, § 3.2.3.

4 Subject to Court approval, Class Counsel shall seek payment of Class Counsel's Attorneys' Fees
5 and Litigation Costs in the amount of \$322,325.73, comprised of attorneys' fees equal to one-third of
6 the Maximum Settlement Amount estimated to be at least \$292,325.73 and up to \$30,000.00 for actually
7 incurred litigation expenses. Plaintiff's counsel is to split the fees 35% to the JCL Law Firm, APC, 35%
8 to the Zakay Law Group, APLC, and 30% to Blumenthal, Nordrehaug, Bhowmik & De Blouw, LLP.
9 Agreement, § 3.2.2. The Agreement also provides for an Class Representative Payment in the amount
10 of \$5,000.00 for Plaintiff, in consideration of her time, risk, and efforts as the Class Representative on
11 behalf of the Settlement Class. Agreement, § 3.2.1.

12 As explained in further detail below, the Settlement is fair, adequate, and reasonable to the class
13 and should be granted final approval. This is evidenced by the high approval of the Settlement by the
14 Settlement Class, the absence of any objections to the Settlement and the average Individual Class
15 Payment of \$1,945.44. ILYM Dec., ¶¶ 16-18; JCL Dec., ¶ 20.

16 **IV. GENERAL STANDARDS APPLICABLE TO JUDICIAL REVIEW AND APPROVAL**
17 **OF CLASS ACTION SETTLEMENTS**

18 Settlements of disputed claims are favored by the courts. *Huens v. Tatum* (1997) 52 Cal.App.4th
19 259, 265. In evaluating settlements, the courts have long recognized that compromise is particularly
20 appropriate since such litigation is difficult and notoriously uncertain. *7-Eleven Owners for Fair Fran.*
21 *v. Southland Corp.* (2000) 85 Cal.App.4th 1135, 1151 ("voluntary conciliation and settlement are the
22 preferred means of dispute resolution. This is especially true in complex class action litigation").

23 "[T]o prevent fraud, collusion or unfairness to the class, the settlement or dismissal of a class
24 action requires court approval." *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801 *citing*
25 *Malibu Outrigger Bd. Of Governors v. Superior Court* (1980) 103 Cal.App.3d 573, 578-579. The court
26 must decide whether the proposed settlement falls within the range of reasonable settlements,
27 considering that settlements are compromises between the parties reflecting subjective, unquantifiable
28

1 judgments concerning the risks and possible outcomes of litigation. *See also Wershba v. Apple*
2 *Computer* (2001) 91 Cal.App.4th 224, 246 (The proposed settlement is not to be judged against a
3 hypothetical or speculative measure of what might have been achieved had plaintiffs prevailed at trial.”).
4 In *Wershba*, appellants argued that the settlement was too low given the “clear” liability, however, the
5 Court rejected this argument and held that “the merits of the underlying class claims are not a basis for
6 upsetting the settlement of a class action.” *Wershba, supra*, at 246; *see also 7-Eleven, supra*, at 1150.

7 In these cases, Courts have repeatedly emphasized that there is a strong initial presumption that
8 the compromise is fair and reasonable. *Wershba*, 91 Cal.App.4th at 245. Courts should not substitute
9 their judgment for that of the parties who negotiated the settlement. *Id.* At 246. The presumption of
10 fairness exists where: (1) investigation and discovery are sufficient to allow counsel and the court to act
11 intelligently; (2) the settlement is reached through arm’s-length bargaining; (3) counsel is experienced
12 in similar litigation; and (4) the percentage of objectors is small. *Dunk*, 48 Cal.App.4th at 1801, citing
13 Newberg & Conte, *Newberg on Class Actions*, (3d ed. 1992) §11.41, pp. 11-91. Here, all of these factors
14 support a presumption of fairness.

15 The essential evaluation is whether, given the risks of litigation and the range of probable results,
16 the settlement, taken as a whole, is fair, reasonable, and adequate to all concerned. Here, the facts and
17 circumstances compel the conclusion that the proposed settlement satisfies that standard.

18 **V. THE SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE**

19 The court must determine whether the settlement is fair, adequate, and reasonable. *Dunk v. Ford*
20 *Motor Co.* (1996) 48 Cal.App.4th 1794, 1801; *see also Officers for Justice v. Civil Service Com'n* (9th
21 Cir. 1982) 688 F. 2d 615, 625. The purpose of the requirement is "the protection of those class members,
22 including the named plaintiffs, whose rights may not have been given due regard by the negotiating
23 parties." *Dunk, supra*, at 1801.

24 The trial court has broad discretion to determine whether the settlement is fair. *Rebney v. Wells*
25 *Fargo Bank* (1990) 220 Cal.App.3d 1117, 1138. “The well-recognized factors that the trial court should
26 consider in evaluating the reasonableness of a class action settlement agreement include 'the strength of
27 plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of
28

maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement.' [Citations.]" *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 128; see also *Munoz v. BCI Coca-Cola Bottling Co. of Los Angeles* (2010) 186 Cal.App.4th 399, 408.

The list of factors is not exhaustive and should be tailored to each case. *Dunk, supra*, at 1801. Due regard should be given to what is otherwise a private consensual agreement between the parties. *Id.* The inquiry "must be limited to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned." *Id.* "Ultimately, the [trial] court's determination is nothing more than 'an amalgam of delicate balancing, gross approximations and rough justice.' [Citation omitted.]" *Id.*

These factors are analyzed seriatim below and all support final approval of the class action settlement before this Court.

A. Class Counsel Conducted a Thorough Investigation.

As detailed in the motion for preliminary approval, Class Counsel thoroughly investigated the proposed Class Members' claims, applicable law, and potential defenses. Specifically, Class Counsel assessed the value of the class claims using data and documents provided by Defendants through informal discovery. Class Counsel obtained time, payroll, and policy records, as well as data regarding the number of Class Members, workweeks, and average rate of pay to assess damages before mediation. Class Counsel retained Berger Consulting Group ("BCG") to analyze Defendants' time and payroll data to formulate damage models estimating Defendants' liability exposure. Class Counsel's investigation, research, experience, and damage models informed and guided the mediated negotiations that resulted in this settlement. Accordingly, Plaintiff's Counsel fully understood the strengths and weaknesses of the class claims before the parties reached a settlement. JCL Dec., ¶ 21-26.

B. The Parties Settled At Mediation.

On September 29, 2022, the Parties conducted a full-day mediation with Steven Rottman, Esq., a

highly regarded mediator. Mediator Rottman helped to manage the Parties' expectations and provided a useful, neutral analysis of the issues and risks to both sides. The Parties made substantial progress with Mediator Rottman's assistance. Namely, the Parties exchanged information regarding their respective claims and defenses, including their respective evaluations of the damages. After more than eight hours of arm's length and adversarial negotiations, the mediation concluded with a settlement. The amount of the service award and many other terms were not negotiated until after the parties agreed to the Maximum Settlement Amount. No action would likely have been taken by Class Members individually, and no compensation would have been recovered for them, but for Plaintiff's service on behalf of the Class. JCL Dec., ¶ 27.

C. Class Counsel is Experienced in Similar Litigation.

Class Counsel in this matter has extensive class action experience in multiple fields and has represented tens-of-thousands of persons in class actions. Counsel has previously litigated similar wage and hour class actions involving similar claims. Class Counsel has been approved as class counsel in similar wage and hour class actions throughout the State of California. As such, courts throughout the California have deemed Class Counsel experienced and knowledgeable in this area of law. Class Counsel has participated in every aspect of the settlement discussions and has concluded the settlement is fair, adequate, and reasonable and in the best interests of the Class. JCL Dec., ¶¶ 28-34; Declaration of Shani Zakay ("Zakay Dec."), ¶¶ 1-3; Declaration of Nicholas J. De Blouw ("De Blouw Dec."), ¶¶ 2, 4-5.

D. The Settlement Class Responded Positively to the Settlement.

The reaction of the Settlement Class unequivocally supports approval of the Settlement. Significantly, after dissemination of the notice to the Settlement Class, which provided each class member with the terms of the Settlement, including the specific estimated Individual Class Payments. As of the filing of this motion, three of the 266 members of the Settlement Class opted-out of the Settlement. Moreover, there are zero objections. Stated differently, 98.87% of the Settlement Class have chosen to participate in the Settlement. JCL Dec., ¶ 8; ILYM Dec., ¶¶ 16-18.

The high approval by the Settlement Class strongly supports a finding that the Settlement is fair,

reasonable, and adequate. *See In re Austrian & German Bank Holocaust Litigation* (S.D.N.Y. 2000) 80 F.Supp.2d 164, 175 ("If only a small number of objections are received, that fact can be viewed as indicative of the adequacy of the settlement."); *Stoetznier v. U.S. Steel Corp.* (3d. Cir. 1990) 897 F.2d 115, 118-119 (29 objections out of 281 member class "strongly favors settlement"); *Laskey v. Int'l Union* (6th Cir. 1981) 638 F.2d 954 (The fact that 7 out of 109 class members objected to the proposed settlement should be considered when determining fairness of settlement.). Consequently, Class Counsel respectfully request the Court to follow the high approval of the Settlement Class and grant final approval of the Settlement.

E. The Maximum Settlement Amount is Fair and Reasonable.

The Maximum Settlement Amount of Eight Hundred Seventy-Six Thousand Nine Hundred Seventy-Seven Dollars and Nineteen Cents (\$876,977.19) in this case is fair and well within the range of recognized reasonableness. The *Kullar* court acknowledged that "as the court does when it approves a settlement as in good faith under Code of Civil Procedure section 877.6, the court must at least satisfy itself that the class settlement is within the 'ballpark' of reasonableness." *Kullar, supra*, at 129; *See Tech-Bilt, Inc. v. Woodward-Clyde & Associates*, 38 Cal.3d 488, 499-500 (1985).)

Here, the Settlement is clearly within the "ballpark" of reasonableness because the Settlement provides a sizeable recovery to the Settlement Class and need not necessarily obtain 100 percent of the damages sought to be fair, reasonable, and ultimately, meaningful. *Wershba*, 91 Cal.App.4th at 250. While the Maximum Settlement Amount of Eight Hundred Seventy-Six Thousand Nine Hundred Seventy-Seven Dollars and Nineteen Cents (\$876,977.19) represents a discount on Defendants' potential exposure if Plaintiff established liability on all claims and was awarded the full amount of the estimated damages at trial, this compromise is reasonable because (1) the formidable defenses raised by Defendants presented a risk that could award significantly less in damages than Plaintiff's estimate and (2) any theoretical post-trial recovery may require many more years of litigation, resulting in added fees and costs without any guarantee of recovery for the Class. JCL Dec., ¶ 35.

As detailed at the time of preliminary approval, the Maximum Settlement Amount is fair and reasonable considering the nature and magnitude of the claims being settled and the various potential

1 impediments to recovery. Class Counsel developed varied economic damages models measuring
2 Defendants' liability exposure while accounting for the uncertainties of continued litigation. The various
3 models were informed by Class Counsel's investigation, including the analysis of a significant sample
4 of time and payroll data. As detailed in greater depth during the preliminary approval process, Class
5 Counsel projected a range of Defendants' liability exposure for the claims asserted on behalf of the
6 Settlement Class. The Maximum Settlement Amount represents between approximately 17.3% and
7 23.6% of Defendants' *class-wide* liability exposure as estimated by Class Counsel at the time of
8 mediation. JCL Dec., ¶ 36.

9 In *Stovall-Gusman v. W.W. Granger, Inc.*, 2015 U.S. Dist. LEXIS 78671, at * 4, the District Court
10 for the Northern District of California granted final approval in a wage and hour misclassification action
11 and found that the Gross Settlement Amount representing 10% of the estimated trial award was within
12 the "range of reasonableness." In *Dunleavy v. Nadler (In re Mego Fin. Corp. Sec. Litig.)* (9th Cir. 2000)
13 213 F.3d 454, 459, the Ninth Circuit approved a settlement representing "roughly one-sixth of the
14 potential recovery." Given the amount of the settlement here as compared to potential value of the
15 claims, particularly the strength of Plaintiff's action, the settlement is clearly fair and reasonable⁵.

16 The calculation methodology used to compensate the Settlement Class for the alleged damages
17 was negotiated at the time of the Settlement. The methodology is fair, objective, and impartial, and is
18 based on the number of Workweeks each Settlement Class Member worked for Defendants during the
19 Class Period. The number of Workweeks for the Settlement Class Members is established through
20 Defendants' data and documented compensation records. The Settlement Administrator is responsible
21 for calculating the Individual Class Payments by dividing the Net Settlement Amount by the total
22 number of Workweeks worked by all Settlement Class Members during the Class Period and multiplying
23 the result by each Settlement Class Member's Workweeks. This process establishes an objectively fair

24 ⁵ See also *Viceral v. Mistras Grp., Inc.* (N.D. Cal. Oct. 11, 2016, No. 15-CV-02198) 2016 WL 5907869, at *3, 7 (approving
25 a California wage and hour settlement where the class received 11.6% of the estimated total liability, or approximately \$29
26 per work week); *Leverage v. Traeger Pellet Grills, LLC* (N.D. Cal. June 28, 2017, No. 16-CV-00784) 2017 WL 2797811, at
27 *7 (Approving a California wage and hour settlement where the class received 18% of the estimated total liability); see also
28 *In re Newbridge Networks Sec. Litig.* (D.D.C. Oct. 23, 1998) 1998 WL 765724, at *2 ("Courts have not identified a precise
numerical range within which a settlement must fall in order to be deemed reasonable; but an agreement that secures roughly
six to twelve percent of a potential trial recovery, while preventing further expenditures and delays and eliminating the risk
that no recovery at all will be won, seems to be within the targeted range of reasonableness.").

and reasonable procedure to compensate the Settlement Class. Agreement, § 3.2.4.1.

The settlement also provides significant relief to the Settlement Class Members. After deductions for the Class Counsel's Attorneys' Fees and Litigation Costs, Settlement Administration Fees, the PAGA Payment, the Background Check Payment, and the Class Representative Award, the Net Settlement Amount is currently estimated to be **\$461,651.46**. ILYM Dec., ¶ 19. The average settlement payment is approximately **\$1,945.44**, and the highest is approximately \$4,840.30. ILYM Dec., ¶ 19. This average net recovery is on par with many wage and hour class action settlements approved by California state and federal courts. *See, e.g., Palencia v. 99 Cents Only Stores*, No. 34-2010-00079619 (Sacramento County Super. Ct) (average net recovery of approximately \$80); *Fukuchi v. Pizza Hut*, Case No. BC302589 (L.A. County Super. Ct.) (average net recovery of approximately \$120); *Contreras v. United Food Group, LLC*, Case No. BC389253 (L.A. County Super. Ct.) (average net recovery of approximately \$120); *Ressler v. Federated Department Stores, Inc.*, Case No. BC335018 (L.A. County Super. Ct.) (average net recovery of approximately \$90); *Doty v. Costco Wholesale Corp.*, Case No. CV05-3241 FMC-JWJx (C.D. Cal. May 14, 2007) (average net recovery of approximately \$65); *Sorenson v. PetSmart, Inc.*, Case No. 2:06-CV-02674-JAM-DAD (ED. Cal.) (average net recovery of approximately \$60); *Lim v. Victoria's Secret Stores, Inc.*, Case No. 04CC00213 (Orange County Super. Ct.) (average net recovery of approximately \$35); and *Gomez v. Amadeus Salon, Inc.*, Case No. BC392297 (L.A. Super. Ct.) (average net recovery of approximately \$20). Additionally, Defendants must separately fund their share of any employer side payroll taxes. Agreement, § 3.1.

Clearly the goal of this litigation to obtain redress for the class has been met by this Settlement. Given the amount of the Settlement, the risks of litigation and the arm's length negotiations between experienced counsel, the settlement is fair and reasonable, and is therefore entitled to final approval. JCL Dec., ¶ 37.

F. The Strength of Plaintiff's Case and Risks of Continued Litigation

Although Class Counsel believes strongly in Plaintiff's claims, it would be misguided to ignore the asserted defenses. If successful on any one of its defenses, Defendants could defend the action or, at least, drastically undercut Plaintiff's claims. JCL Dec., ¶ 38. As the federal court in *Glass v. UBS*

1 *Fin. Servs.*, 2007 WL221862 held, where the parties faced uncertainties similar to those in this litigation:

2 ***In light of the above-referenced uncertainty in the law, the risk, expense,***
3 ***complexity, and likely duration of further litigation likewise favors the***
4 ***settlement.*** Regardless of how this Court might have ruled on the merits of
5 the legal issues, the losing party likely would have appealed, and the parties
6 would have faced the expense and uncertainty of litigating an appeal. The
expense and possible duration of the litigation should be considered in
evaluating the reasonableness of [a] settlement.

7 With respect to the most immediate challenge, i.e., class certification, the risks attendant to the
8 certification of similar wage and hour claims are demonstrated by *Magadia v. Wal-Mart Associates, Inc.*
9 (9th Cir. 2021) 999 F.3d 668. There, the Ninth Circuit, vacated reversed and remanded a \$110 million
10 judgement against an employer for, *inter alia*, inaccurately paying overtime, and directed the trial court
11 to enter judgement in favor of the employer. *See also O’Conner v. Uber Technologies, Inc.* (9th Cir.
12 2018) 904 F.3d 1087 (decertification of wage and hour misclassification action); *see also Duran v. U.S.*
13 *Bank National Association* (2014) 59 Cal.4th 1, 31 (reversing a trial verdict in favor plaintiffs in a wage
14 and hour class action)); *Tien v. Tenet Healthcare Corp.* (2012) 209 Cal.App.4th 1077, 1088 (“[T]he
15 reason, if any, that employees might not take their breaks were predominantly individualized questions
16 of fact not susceptible to class treatment.”); *Ali v. U.S.A. Cab Ltd.* (2009) 176 Cal.App.4th 1333, 1341
17 (affirming denial of certification because employees’ declarations attesting to having taken meal and
18 rest breaks demonstrated that individualized inquiries were required to show harm); *Campbell v. Best*
19 *Buy Stores, L.P.*, (C.D. Cal. 2013) 2013 WL 5302217 at *11-13 (following *Brinker* and denying
20 certification of proposed off-the-clock and rest and meal break classes due to lack of uniform policy);
21 *Brown v. Fed Express Corp.* (C.D. Cal. 2008) 249 F.R.D. 580, 587-88 (denying certification of driver
22 meal and rest period claims based on the predominance of individual issues). Collectively, the examples
23 cited above illustrate the uncertain nature of class litigation. Consequently, the uncertainty of obtaining
24 certification through a contested motion is a significant risk factor favoring settlement. JCL Dec., ¶ 39.

25 The fast-changing landscape of wage and hour litigation can also drastically affect the value of
26 Plaintiff’s claims and, in fact, already has. JCL Dec., ¶ 40.

27 In a similar wage and hour case, the federal district court in *Hopson v. Hanesbrands Inc.*, 2009
28

U.S. Dist. LEXIS 33900 at * 19-20 (N.D. Cal. 2009), granted approval of an overtime class action settlement and explained:

Plaintiffs may have a strong case, but the risks inherent in continued litigation are great. Defendants strongly deny liability for Plaintiffs' principal claim that full-time Service Associates were misclassified as exempt. In addition to the uncertainties raised by Defendants at the preliminary stage regarding Plaintiffs' chance of success in this case, Defendants notes that the question of an employer's duty to provide rest and meal periods is an open one, signaling even less certainty for Plaintiffs.....[T]he **Total Settlement amount and the Class Members' expected net recovery, after fees and other costs are deducted, appear to be a reasonable compromise, in light of the risks of litigation.**

See also Browning v. Yahoo!, Inc., 2007 U.S. Dist. LEXIS 86266, at *30 (N.D. Cal. 2007) (“In considering the strength of Plaintiffs’ case, legal uncertainties at the time of settlement - particularly those which go to fundamental legal issues - favor approval.”).

As recognized in a federal decision approving settlement of an overtime wage class action:

The potential complexity and possible duration of trial also weigh in favor of granting final approval. Plaintiffs acknowledge the difficulties of proving damages, recognize the uncertainty of outcome, and believe defendant would appeal in the event of adverse judgment. A post-judgment appeal would require many years to resolve and delay payment to class members. Plaintiffs believe the benefits of a guaranteed recovery today outweigh an uncertain future result. Accordingly, plaintiffs argue, and the Court agrees, the actual recovery confers substantial benefits on the class that outweigh the potential recovery through full adjudication.

Barcia v. Contain-A-Way, Inc., 2009 U.S. Dist. LEXIS 17118, *9 (S.D. Cal. 2009); see also *Louie v. Kaiser Foundation Health Plan, Inc.*, 2008 U.S. Dist. LEXIS 78314, *14 (S.D. Cal. 2008).

In sum, while other cases have approved class certification in wage and hour claims, class certification in this action would have been hotly disputed and was by no means a foregone conclusion. Where both sides face significant uncertainty, as here, the attendant risks favor settlement. *Hanlon v. Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011, 1026.)

As demonstrated by the decisions in *Magadia, supra*, 999 F.3d 668, *O’Conner v. Uber Technologies* (N.D. Cal. 2018) 82 F.Supp.3d 1133 and *Duran v. U.S. Bank National Assn.* (2014) 59 Cal.4th 1, the complexities and duration of further litigation cannot be overstated. There is little doubt

1 that if Defendants faced a large adverse judgement, Defendants undoubtedly have the resources to post
2 a bond and appeal. A post-judgment appeal by Defendants would have required many more years to
3 resolve, assuming the judgment was affirmed. If the judgment was not affirmed in total, then the case
4 could have dragged on for years after the appeal. The benefits of a guaranteed recovery today outweigh
5 an uncertain result three or more years in the future. JCL Dec., ¶ 41.

6 The Class Representative and Class Counsel recognize the expense and length of a trial against
7 Defendants through possible appeals which could take another three years. In arriving at their informed
8 belief that the present settlement is fair and adequate, Class Counsel accounted for the uncertain outcome
9 and risk inherent in complex actions such as this one. Class Counsel is also mindful of and recognize
10 the inherent problems of proof under, and alleged defenses to, the claims asserted in the litigation.
11 Moreover, post-trial motions and appeals would have been inevitable. Costs would have mounted, and
12 recovery would have been delayed if not denied, thereby reducing the benefits of an ultimate victory.
13 Class Representative and Class Counsel believe that the Settlement confers substantial monetary and
14 non-monetary benefits upon the Class. Based upon their evaluation, Class Representative and Class
15 Counsel have determined that the Settlement set forth in the Agreement is in the best interest of the
16 Class, is fair, reasonable, and adequate, and should be granted final approval. JCL Dec., ¶ 42.

17 **VI. THE PENALTIES UNDER THE PRIVATE ATTORNEY GENERAL ACT OF 2004 ARE**
18 **REASONABLE**

19 Where settlements “negotiate a good faith amount” for PAGA settlements and “there is no
20 indication that this amount was the result of self-interest at the expense of class members,” such amounts
21 are generally considered reasonable. *Hopson v. Hanesbrands Inc.*, No. CV-08-0844 EDL, 2009 WL
22 928133, at *9 (N.D. Cal. Apr. 3, 2009). Courts routinely approve of amounts for PAGA settlements in
23 the range of zero to two percent of the settlement. *See id.* at *1, 9 (approving a PAGA payment of
24 0.3%); *Jack v. Hartford Fire Ins. Co.*, No. 09cv1683 MMA (JMA), 2011 WL 4899942, at *6 (S.D. Cal.
25 Oct. 13, 2011) (approving a PAGA payment of 0.25%); *McKenzie v. Fed. Express Corp.*, No. CV 10-
26 02420 GAF (PLAx), 2012 WL 12882124, at *5 (C.D. Cal. Jan. 23, 2012) (acknowledging that courts
27 approve PAGA claim settlements in the range of zero to two percent of the total settlement).

1 Here, Plaintiff and Defendants negotiated a good faith PAGA Payment in the amount of
2 \$30,000.00 which is 3.4% of the Maximum Settlement Amount. As illustrated above, this amount falls
3 well within the range of approved PAGA Settlements. Seventy-five percent (75%) of the PAGA
4 Payment (\$22,500.00) will be paid to the LWDA ("LWDA Payment") with the remaining twenty-five
5 percent (25%) to be distributed to the Aggrieved Employees, which is within the range of PAGA
6 Payment approved by courts and should be approved. JCL Dec., ¶ 43.

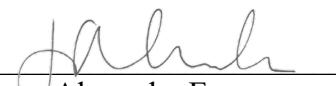
7 Class Counsel gave the LWDA notice of this Settlement and proposed allocation by filing a copy
8 of the Settlement, the Motion for Preliminary Approval, and this motion seeking final approval with the
9 LWDA. JCL Dec., ¶¶ 5-6, 44. By not registering an objection with either Class Counsel or the Court,
10 the LWDA has accepted and approved of the proposed PAGA Payment.

11 VII. CONCLUSION

12 Plaintiff respectfully submits that the proposed settlement satisfies the standard of fairness
13 established in California law and should therefore be finally approved as fair, reasonable, and adequate
14 and requests entry of the Final Approval Order and Judgment submitted herewith.

15
16 Dated: October 24, 2023

ZAKAY LAW GROUP, APLC

17 By: 
18 Julieann Alvarado, Esq.

19 Attorney for Plaintiff
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