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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

SABRINA TENNANT, individually, and on behalf of all others similarly situated,

Plaintiff,

vs.

TRAVEL STORE, INC., a California corporation, and DOES 1 through 10, inclusive,

Defendants.

Case No. 21STCV31397

CLASS ACTION

[Assigned for all purposes to Judge Carolyn B. Kuhl, Dept. 12]

PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES

[*Filed concurrently with*: Declarations of Justin F. Marquez and Sabrina Tennant in Support of Motion; Declaration of Veronica Olivares, Settlement Administrator; and [Proposed] Order Granting Motion]

FINAL APPROVAL HEARING
Date: July 19, 2023
Time: 10:30 a.m.
Dept: 12

TO THE COURT AND TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on July 19, 2023, at 10:30 a.m., in Department 12 of the Los Angeles Superior Court, located at 312 N. Spring Street, Los Angeles, CA 90012, pursuant to Code of Civil Procedure § 382 and California Rules of Court 3.769, *et seq*., Plaintiff Sabrina Tennant ("Plaintiff") will move the Court for an Order granting final approval of the proposed class action settlement between Plaintiff and Defendant Travel Store, Inc. ("Defendant," and together with Plaintiff, the "Parties"). Plaintiff further moves the Court for an Order:

1. Certifying a Class for settlement purposes;
2. Approving the settlement as fair and reasonable and finding that class members were given notice of the settlement, and advised of their right to participate in the settlement, object to the settlement, or exclude themselves from the settlement, in a reasonable manner;
3. Appointing Plaintiff Sabrina Tennant as Class Representative for settlement purposes, and approving payment of $10,000.00 to Plaintiff for her services as the Class Representative;
4. Appointing Plaintiff's Counsel, Justin F. Marquez, Christina M. Le, and Arsiné Grigoryan of Wilshire Law Firm, PLC, as Class Counsel for settlement purposes only;
5. Approving payment of settlement administrative expenses to CPT Group, Inc. in the amount of $6,750.00;
6. Approving payment of $150,000.00 in attorney's fees, which is 33 1/3% of the Settlement Amount, and costs of $15,946.32 for litigating this action to Class Counsel;
7. Approving the PAGA Settlement in the amount of $25,000.00;
8. Directing that the clerk of the Court enter the Court's order as a final judgment; and
9. Without affecting the finality of the final judgment, reserving continuing jurisdiction over the parties for the purposes of implementing, enforcing and/or administering the Settlement or enforcing the terms of the judgment.

The Motion will be based upon this Notice, the attached Memorandum of Points and Authorities, the Declaration of Justin F. Marquez, the Declaration of Sabrina Tennant, the

Declaration of Veronica Olivares (Settlement Administrator), and filed concurrently herewith, the records and files in this action, and any other further evidence or argument that the Court may properly receive at or before the hearing.

Respectfully submitted

Dated: June 26, 2023

WILSHIRE LAW FIRM

By: ______________________

Justin F. Marquez
Christina M. Le
Arsiné Grigoryan

Attorneys for Plaintiff

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I. INTRODUCTION

Plaintiff Sabrina Tennant ("Plaintiff") seeks final approval of a proposed $450,000.00 non-reversionary, wage and hour class action settlement with Defendant Travel Store, Inc. ("Defendant," and together with Plaintiff, the "Parties").

The proposed settlement satisfies all the criteria for settlement approval under California law. A presumption of fairness exists as the Settlement was reached through extensive, mediated arm's-length negotiations, sufficient investigation and discovery allowed Class Counsel to act intelligently, and Class Counsel is experienced in similar wage-and-hour litigation. The settlement will provide substantial monetary payments to approximately 146 class members[1]. Upon the Court's approval of the settlement, participating class members will receive an **estimated average net payment of $1,631.85.** (Olivares Decl., ¶ 15.) Among the participating class members, the **estimated highest net payment will be $2,646.03 and the lowest payment will be $26.82**. (*Id.*) As of June 22, 2023, there are no objections to the settlement or requests for exclusion. (*Id.* at ¶¶ 11-12.) There were also no disputes as to the calculated workweeks for the Class Members. (*Id.* at ¶ 13.) Thus, the proposed Settlement is fair, reasonable, and adequate and is in the best interests of the Settlement Class Members.

Plaintiff's request for attorney's fees in the amount of $150,000.00, reimbursement of costs and expenses in the amount of $15,946.32, an enhancement in the amount of $10,000.00 to the Plaintiff, Administrative Costs of $6,750.00, and a PAGA Settlement of $25,000.00, with a 75% allocation to the California Labor Workforce Development Agency "LWDA") in the amount of $18,750.00 and a 25% allocation to Aggrieved Employees in the amount of $6,250.00, are also reasonable and thus should be approved by the Court.

Accordingly, Plaintiff respectfully requests the Court grant final approval of the Settlement.

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[1] The original motion for preliminary approval listed 137 as the number of class members known at that time. During settlement administration, and as supported by the Declaration of Veronica Olivares, Settlement Administrator, the number has increased to 146.

II. SUMMARY OF THE LITIGATION AND SETTLEMENT

A. Plaintiff's Claims

This is a wage and hour class and Private Attorneys General Act ("PAGA") (Cal. Lab. Code §§ 2699, et seq.) representative action. Plaintiff and putative class members worked in California as hourly-paid, non-exempt employees for Defendant during the class period. Defendant is the largest independently owned travel agency headquartered in California, with 7 locations throughout California. (Declaration of Justin F. Marquez in Support of Plaintiff's Motion for Final Approval of Class Action Settlement (Declaration of Justin F. Marquez ["Marquez Decl."], ¶ 2.)

Plaintiff alleges that Defendant's payroll, timekeeping, and wage and hour practices resulted in Labor Code violations. Plaintiff alleges that Defendant had non-compliant wage and hour policies throughout most of the relevant class period, failed to pay for all hours worked off the clock by the putative class members, failed to provide employees with legally compliant meal and rest periods which it failed to pay all premiums for, and failed to pay putative class members all overtime and sick pay at the appropriate rates (regular rate issue). Based on these allegations, Plaintiff also asserts derivative claims against Defendant for failure to timely pay all final wages at termination, failure to provide accurate itemized wage statements, unfair business practices, and civil penalties under PAGA. (*Id.* at ¶ 3.) Defendant denies all allegations and contends that its employment practices were at all relevant times compliant with applicable California law.

On August 25, 2021, Plaintiff filed a putative wage-and-hour class action complaint against Defendant for: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; and (7) violation of California's Unfair Competition Law, California Business and Professions Code §§ 17200, et seq. On the same date, Plaintiff submitted and served her PAGA notice upon the Labor and Workplace Development Agency (LWDA) and her employer. (*Id.* at ¶4.)

On November 29, 2021, Plaintiff filed a separate complaint to assert her PAGA claims. (*Id.* at ¶5.)

The Parties eventually stipulated that Plaintiff be afforded leave to file a First Amended Class and Representative Action Complaint, which will add a cause of action for civil penalties under PAGA, with the dismissal of the separate PAGA action thereafter without prejudice. On October 12, 2022, Plaintiff filed her First Amended Complaint to add her PAGA claim and thereafter dismissed the separate PAGA action. (*Id.* at ¶6.)

B. <u>Discovery and Investigation</u>

Following the filing of the Complaint, the Parties exchanged documents and information before mediating this action. Defendant produced timekeeping and pay records for the class members. Defendant also provided documents of their wage and hour policies and practices during the class period, and information regarding the total number of current and former employees in its informal discovery responses. (*Id.* at ¶7.)

After reviewing documents regarding Defendant's wage and hour policies and practices, analyzing Defendant's timekeeping and payroll records, Class Counsel was able to evaluate the probability of class certification, success on the merits, and Defendant's maximum monetary exposure for all claims. Class Counsel also investigated the applicable law regarding the claims and defenses asserted in the Litigation. Class Counsel reviewed these records and utilized an expert to prepare a damages analysis prior to mediation. (*Id.* at ¶8.)

C. <u>Settlement Negotiations</u>

On August 31, 2022, the Parties participated in private mediation with experienced class action mediator, Todd A. Smith, Esq. (*Id.* at ¶ 9.) The mediation was conducted via Zoom. The settlement negotiations were at arm's length and, although conducted in a professional manner, were adversarial. The Parties went into the mediation willing to explore the potential for a settlement of the dispute, but each side was also prepared to litigate their position through trial and appeal if a settlement had not been reached. (*Id.*)

After extensive negotiations and discussions regarding the strengths and weaknesses of Plaintiff's claims and Defendant's defenses, the Parties were able to reach a resolution, the material terms of which are encompassed within the Settlement Agreement. (*Id.* at ¶ 10; Ex. 1 [Class Action and PAGA Settlement Agreement and Class Notice ("Settlement" or "Settlement Agreement") and Ex. 3 [Amendment to the Settlement Agreement].

Class Counsel has conducted a thorough investigation into the facts of this case. Based on the foregoing discovery and their own independent investigation and evaluation, Class Counsel is of the opinion that the Settlement is fair, reasonable, and adequate and is in the best interests of the Settlement Class Members in light of all known facts and circumstances, the risk of significant delay, the defenses that could be asserted by Defendant both to certification and on the merits, trial risk, and appellate risk. (Marquez Decl., ¶ 20.)

Indeed, the $450,000.00 Settlement represents **51**% of **the realistic maximum recovery of $887,194.00.** (*Id.* at ¶ 29.) Although Class Counsel estimated that Defendant's maximum potential liability for all claims was approximately $8.4 million, when the risk of prevailing at certification and trial are factored into the equation, Class Counsel believes that Defendant's realistic exposure was $887,194.00, meaning the Settlement achieves a significant recovery. (*Id.* at ¶¶ 20 - 33.) Considering the risk and uncertainty of prevailing at class certification and at trial, this is an excellent result for the Class. Indeed, because of the proposed Settlement, class members will receive timely, guaranteed relief and will avoid the risk of an unfavorable judgment.

D. <u>Key Terms of the Proposed Settlement</u>

The Parties used the Los Angeles Superior Court's Form Class Action and PAGA Settlement Agreement and Class Notice. A document showing edits the parties made to the template in redline is attached to the Declaration of Justin F. Marquez as Exhibit 2. The Settlement's key terms include:

1. <u>Settlement Class</u>: For settlement purposes only, the Parties agree to the certification of a class pursuant to California Code of Civil Procedure § 382 defined as: "all persons employed by TravelStore in California and classified as an hourly-paid, non-exempt employee during the Class Period." (Settlement, § 1.5.)

2. <u>Class Period</u>: "means the period that starts on February 28, 2017 and shall end on October 30, 2022." (Settlement, § 1.12.)

3. PAGA Period: "means the period that starts on February 28, 2020 and shall end on October 30, 2022." (Settlement, § 1.31.)

4. Participating Class Members: Class Member who does not submit a valid and timely Request for Exclusion from the Settlement. (Settlement, § 1.35.)

5. Aggrieved Employee: "means a person employed by TravelStore in California and classified as an hourly-paid, non-exempt employee who worked for TravelStore during the PAGA Period." (Settlement, § 1.4.)

6. Gross Settlement Amount: This amount is $450,000.00, for all claims, including wages, interest, the Class Counsel Award, Litigation costs, Settlement Administration Costs, payment to the Labor and Workforce Development Agency ("LWDA") for the alleged PAGA penalties, all other penalties, and the Class Representative Service Award. (Settlement, § 1.22.)

7. Uncashed Checks & *Cy Pres*: If a settlement check is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace search and, if another address is identified, shall mail the check to the newly identified address. (Settlement, §§ 4.4.1, 4.4.2.) Any settlement checks remaining uncashed after one hundred and eighty (180) days shall be deemed unpaid residue pursuant Code of Civil Procedure Section 384(a), and unpaid residue (uncashed or returned checks) will be paid to Legal Aid at Work. (Settlement, § 4.4.3.)

8. Release by Participating Class Members Who Are Not Aggrieved Employees: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including any and all claims for: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) violation of California's Unfair Competition Law, California Business and Professions Code §§ 17200, et seq. Except as set forth in Section 6.3 of this

Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period. (Settlement, § 6.2.)

9. No Reversion: "None of the Gross Settlement Amount will revert to TravelStore." (Settlement, § 3.1.)

10. PAGA Penalties and Allocation: The settlement includes $25,000.00 allocated to Plaintiff's claims under PAGA, with 75% of which ($7,750.00) being paid to the LWDA and 25% ($2,250.00) being paid to the Participating PAGA Members. (Settlement, § 3.2.5.) Class Counsel submitted the proposed settlement to the LWDA before filing this Motion for Preliminary Approval. (Marquez Decl., ¶ 11.)

11. Net Settlement Fund: The "Net Settlement Fund" or "Net Settlement Amount" is the amount that remains and that shall be paid to Settlement Class Members after the following amounts are subtracted: (1) attorneys' fees and Litigation costs, (2) Administrative Costs, (3) enhancement to the Named Plaintiff, and (4) the penalties recoverable pursuant to the PAGA. (Settlement, § 1.28.)

12. Distribution Formula: "An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks." (Settlement, § 3.2.4.) As to PAGA: "The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($2,500) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods." (Settlement, § 3.2.5.1.)

13. Tax Allocation: Any settlement money paid to Settlement Class Members will be allocated as 10% wages and 90% in penalties and interest. (Settlement, § 3.2.4.1.)

14. Class Representative Service Award: Subject to Court approval, Plaintiff shall be paid an enhancement award not to exceed $10,000.00. (Settlement, § 3.2.1.) This amount is for

Plaintiff's time and effort in bringing and presenting the action, and in exchange for a general release of all claims, known or unknown, pursuant to Civil Code Section 1542. (Settlement, § 3.2.1.) If the Court approves a lesser enhancement, then the unapproved portion or portions shall revert into the Net Settlement Amount to be distributed between the participating Settlement Class Members on a pro-rata basis. (Settlement, § 3.2.1.)

15. Attorneys' Fees and Costs: The Settlement provides that Defendant will not oppose a fee application of up to 33 1/3% ($150,000.00) of the Gross Settlement Amount, plus out-of-pocket costs not to exceed $20,000.00. (Settlement, § 3.2.2 and Amendment to Settlement, § 3.2.2.) At this time, Class Counsel's costs are approximately $15,946.32 (Marquez Decl., ¶ 43146.)

16. Notice of Proposed Class Action Settlement: The Notice sets forth in plain terms, a statement of the case, the terms of the Settlement Agreement, the approximate amount of attorneys' fees, costs, and service award being sought, and an explanation of how the settlement allocations are calculated. (Settlement, Ex. 1.) The Notice also includes an opt-out form that class members can complete in the event they decide to not participate in the settlement. (*Id.*) Class Members will be notified by first-class mail of the settlement. (Settlement, § 8.4.) CPT Group, Inc., the proposed Settlement Administrator, will undertake its best efforts to ensure that the notice is provided to the current addresses of class members, including conducting a national change of address search and re-mailing the notice to updated addresses. (*Id.*) (Marquez Decl., ¶ 13; Ex. 4 [Settlement Administrator Bid].)

E. Preliminary Settlement Approval, Class Notice, and Settlement Administration.

This Court issued an Order Granting Plaintiff's Motion for Preliminary Approval of Class Action Settlement on March 21, 2023. (Marquez Decl., ¶ 17.)

Altogether, notices explaining class member rights were mailed out to all 146 class members in English and Spanish. (Olivares Decl., ¶ 7 - 8.) To date, only five notice packets remain undeliverable. (*Id.* at ¶ 10.) ***There are no objections to the settlement and no requests for exclusion.*** (*Id.* at ¶¶ 11 - 12.) If the Court approves the settlement, participating class members will receive an **estimated average <u>net</u> payment of $1,631.85** with the **estimated highest net payment will be $2,646.03 and the lowest payment of 26.82**. (*Id.* at ¶ 15.)

III. THE SETTLEMENT MERITS FINAL APPROVAL

The law favors the settlement of lawsuits, particularly in class actions and other complex cases. (*See e.g., Neary v. Regents of Univ. of California* (1992) 3 Cal.4th 272, 277-81.) Factors to be considered in evaluating a class action settlement include "the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through proceedings, the experience and views of counsel, the presence of a government participant, and the reaction of the class members to the proposed settlement." (*Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 128.) A presumption that a settlement is fair and reasonable exists where, as here, the following four factors are present: "(l) the settlement is reached through arm's length bargaining; (2) investigation and discovery are 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." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245.)

Whether a class action settlement should be approved is a question committed to the trial court's broad discretion. (*Id.* at pp. 234-35.) In exercising its discretion, the Court should give "[d]ue regard ...to what is otherwise a private consensual agreement between the parties." (*Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801.) "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*. [internal citations omitted].)

A. The Settlement Reflects a Reasonable Compromise.

The Settlement represents a significant percentage of the maximum damages that may have been awarded to the class in this case if they had prevailed at trial. The Settlement, of course, reflects a compromise. The amount of settlement benefits takes into account all the litigation risks related to obtaining class certification, proving Defendant's liability, and proving Class Members' damages. In light of all the defenses asserted by Defendant which posed substantial litigation risks, a compromise effectively awarding Class Members a significant percentage of the maximum value of their claims is eminently fair and reasonable.

Because of the Settlement, and through the efforts of Plaintiff and Class Counsel, Class Members will receive timely, guaranteed relief and will avoid the risk of an unfavorable judgment.

To be sure, Defendant ultimately has to pay less under the settlement than it would have had to pay if Plaintiff had achieved a judgment on claims at trial. But an ideal settlement requiring a defendant to pay the full amount of its potential damages is rarely achieved. As the Ninth Circuit has observed, "the very essence of a settlement is compromise, 'a yielding of absolutes and an abandoning of highest hopes.'" (*Officers for Justice v. Civil Service Commission of City and County of San Francisco* (9th Cir. 1982) 688 F.2d 615, 624.) Thus, a 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.) A court's "intrusion upon what is otherwise a private consensual agreement negotiated between the parties to a lawsuit 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*.)

B. <u>The Settlement was Reached After Arms-Length Negotiations Following Informal Discovery.</u>

The Settlement was reached following extensive negotiations following a full day of mediation with experienced employment mediator, Todd A. Smith, Esq. (Marquez Decl., ¶¶ 9-10.) The settlement negotiations were at arm's length and, although conducted in a professional manner, were adversarial. (*Id*.) The Parties went into the mediation willing to explore the potential for a settlement of the dispute, but each side was also prepared to litigate their or its position through trial and appeal if a settlement had not been reached. (*Id*.)

Prior to reaching this settlement, Class Counsel conducted informal discovery concerning the claims set forth in the Litigation, such as class member timekeeping and payroll records, Defendant's policies and procedures concerning the payment of wages, the provision of meal and rest breaks, issuance of wage statements, and providing all wages at separation, as well as information regarding the number of putative class members and the mix of current versus former employees, the wage rates in effect, and the amount of meal and rest period premium wages paid to class members. (*Id.* at ¶¶ 7-8.) In conjunction with their extensive factual investigation, Class Counsel investigated the applicable law regarding the claims and defenses asserted in the Litigation. (*Id.*) Thus, Plaintiff and her counsel were able to act intelligently and effectively in negotiating the proposed Settlement. (*Id.*)

C. <u>Plaintiff's Counsel Has Substantial Class Action Experience.</u>

Class Counsel has considerable experience and has demonstrated competence with litigating wage and hour class actions. (*Id.* at ¶¶ 49 - 61.) Class Counsel has substantial experience in all facets of litigation in state and federal court, including discovery, law and motion, trial, appeals, arbitration and mediation. Class Counsel has litigated numerous class actions on behalf of plaintiffs and have been lead counsel or otherwise exercised significant case handling responsibilities in numerous cases resulting in millions of dollars in class action settlements. (*Id.*)

Based on Class Counsel's experience as employment and class action attorneys, Class Counsel is eminently qualified to evaluate the strength of Plaintiff's claims, the strength of Defendant's defenses against certification, the strength of Defendant's defenses on the merits, and the fairness of the Settlement. Their opinion that final approval of the Settlement would be in the best interests of class members in light of the significant risks of litigation is entitled to great weight. (*See Kullar, supra,* 168 Cal.App.4th at 129 ["The court undoubtedly should give considerable weight to the competency and integrity of counsel and the involvement of a neutral mediator in assuring itself that a settlement agreement represents an arms-length transaction entered without self-dealing or other potential misconduct"].)

D. <u>There Are No Objections To The Settlement.</u>

No class member has objected to the Settlement and no class members have requested exclusion from the Settlement. (Olivares Decl., ¶¶ 11 - 12.) The overwhelmingly positive response of the class strongly supports final approval of the Settlement. (*See, e.g., In re Lifelock, Inc. Marketing and Sales Practices Litigation* (D. Ariz. 2010) 2010 WL 3715138, *6 [relatively few objections and requests for exclusion support approval].)

Factors to be considered in evaluating a class action settlement include "the reaction of the class members to the proposed settlement." (*Kullar, supra,* 168 Cal.App.4th at p. 128.) The reaction here has been overwhelmingly positive. Courts have approved class action settlements in lesser circumstances. (*See, e.g., Hughes v. Microsoft Corp.* (W.D.Wash. 2001) 2001 U.S. Dist. LEXIS 5976, 2001 WL 34089697, *8 [court found that the "class members overwhelmingly support[ed] the settlement" where there were over 37,000 notices sent out, 2,745 class members participated in the settlement, "only nine objections were submitted", and there were 86 timely opt-outs and over 20 additional defective or untimely opt-outs, "these indicia of the approval of the class of the terms of the settlement support a finding of fairness under Rule 23"], *citing Hanlon v. Chrysler Corp.* (9th Cir.1998) 150 F.3d 1011, 1027 [despite vigorous objections and appeal by objectors, "fact that the overwhelming majority of the class willingly approved the offer and stayed in the class presents at least some objective positive commentary as to its fairness", court did not abuse its discretion in approving settlement].)

IV. THE COURT SHOULD AWARD PLAINTIFF THE REQUESTED AMOUNTS OF ATTORNEYS' FEES, COSTS AND AN ENHANCEMENT PAYMENT.

Under the Settlement, subject to the Court's approval, Defendant has agreed not to oppose Class Counsel's request for reasonable attorneys' fees in the amount of $150,000.00, which is 33 1/3% of the Settlement Amount, and Litigation costs in an amount not to exceed $20,000.00 for litigating this Action, which shall be paid from the Settlement Amount. In addition, Defendant will not oppose an application for the payment of Administrative Costs in the amount of $6,750.00 and a Class Representative Enhancement payment in the amount of $10,000, to be paid from the Settlement Amount. The proposed attorneys' fees and expenses were disclosed to the Class Members in the Notice of Proposed Class Action Settlement.

"In general, questions whether a settlement was fair and reasonable, whether certification of the class was proper, and whether the attorney fee award was proper are matters addressed to the trial court's broad discretion." (*Wershba, supra,* 91 Cal.App.4th at pp. 234-235.) "Courts recognize two methods for calculating attorney fees in civil class actions: the lodestar/multiplier method and the percentage of recovery method." (*Id.* at p. 254; *Vincent v. Hughes Air West, Inc.* (9th Cir. 1977) 557 F.2d 759, 769.)

A. <u>Counsel Requests an Award of Fees Based on the "Common Fund" Method.</u>

California courts have long awarded attorneys' fees as a percentage of the benefit created by counsel in pursuing claims on behalf of a class. The California Supreme Court held that "when a number of persons is entitled in common to a specific fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the creation or preservation of that fund, such plaintiff or plaintiffs may be awarded attorneys' fees out of the fund." (*Serrano v. Priest* (1977) 20 Cal.3d 25, 34 [*quoting D'Amico v. Board of Medical Examiners* (1974) 11 Cal. 3d 1.)

Class Counsel intends to seek an award of attorneys' fees on the "percentage of recovery/ common fund" theory. The purpose of the common fund/percentage approach is to "spread litigation costs proportionally among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." (*Vincent v. Hughes Air West, Inc.*(9th Cir. 1977) 557 F.2d 759, 769.) In *Quinn v. State of California* (1995) 15 Cal. 3d 162, 167, the California Supreme Court stated: "[O]ne who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits may require those passive beneficiaries to bear a fair share of the litigation costs." Similarly, in *City and County of San Francisco v. Sweet* (1995) 12 Cal.4th 105, 110, the California Supreme Court recognized that the common fund doctrine has been applied "consistently in California when an action brought by one party creates a fund in which other persons are entitled to share."

The California Supreme Court affirmed in *Laffitte v. Robert Half Int'l Inc*. (2016) 1 Cal.5th 480 that, "when class action litigation establishes a monetary fund for the benefit of the class members, and the trial court in its equitable powers awards class counsel a fee out of that fund, the court may determine the amount of a reasonable fee by choosing an appropriate percentage of the fund created." (*Id*. at p. 503.) The court explained: "The recognized advantages of the percentage method—including relative ease of calculation, alignment of incentives between counsel and the class, a better approximation of market conditions in a contingency case, and the encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the litigation—

convince us the percentage method is a valuable tool that should not be denied our trial courts." (*Id* [internal citations omitted].)

Several courts have expressed frustration with the alternative "lodestar" approach for deciding fee awards, which usually involves wading through voluminous and often indecipherable time records. Commenting on the lodestar approach, Chief Judge Marilyn Hall Patel wrote: "This court is compelled to ask, 'Is this process necessary?' Under a cost-benefit analysis, the answer would be a resounding, 'No!'" (*In re Activision Securities Litigation* (N.D. Cal 1989) 723 F. Supp. 1373, 1375.) The percentage approach is preferable to the lodestar because: (1) it aligns the interests of class counsel and absent class members; (2) it encourages efficient resolution of the litigation by providing an incentive for early, yet reasonable, settlement; and (3) it reduces the demands on judicial resources. (*Id*. at pp. 1378-79.) The Ninth Circuit now routinely uses the percentage of the common fund approach to determine the award of attorney's fees. (*See*, *e.g., In re Pacific Enterprises Securities City and County of San Francisco Litigation* (9th Cir. 1994) 47 F.3d 373, 378-79 [approving attorney's fee of 33 1/3%].)

1. The Standard Fee Award in Class Actions Has Resolved Itself As One-Third Of The Recovery In Common Fund Cases.

According to a leading treatise on class actions, "No general rule can be articulated on what is a reasonable percentage of a common fund. Usually 50% of the fund is the upper limit on a reasonable fee award from a common fund in order to assure that the fees do not consume a disproportionate part of the recovery obtained for the class, although somewhat larger percentages are not unprecedented." (*See* Conte & Newberg, Newberg on Class Actions (3rd Ed.) § 14.03.) Attorneys' fees that are fifty percent of the fund are typically considered the upper limit, with ***thirty to forty percent commonly awarded in cases where the settlement is relatively small***. (*See Id.*; *see also, Van Vranken v. Atlantic Richfield Company* (N.D. Cal. 1995) 901 F. Supp. 294 [stating that most cases where 30-50 percent was awarded involved "smaller" settlement funds of under $10 million].)

The settled-for 33 1/3% fee award is consistent with the average fee award in class actions. Indeed, the custom and practice in class actions is to award approximately one-third of a fund as a fee award. (*See Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 66, n.11 ["Empirical studies show that, regardless whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery."].) Thus, Plaintiff's fee request is in line with the prevailing guidelines established in California case law and academic literature, and is consistent with awards in California. Accordingly, Plaintiff requests that the Court approve the attorneys' fees as negotiated by the Parties and requested herein.

2. This Matter Involves A "Fee-Shifting" Provision of the Labor Code.

Class Counsel is entitled to recover fees under Labor Code § 1194, which provides, in part:

> [A]ny employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney's fees, and costs of suit.

(Lab. Code § 1194.)

As this litigation culminated in a settlement that provided for a recovery of unpaid wages, including unpaid minimum wages and overtime compensation, Plaintiff is entitled to recover reasonable attorneys' fees and costs under the California Labor Code.

Class Counsel is also entitled to a fee award under California's private attorney general statute, Code of Civil Procedure § 1021.5. "The award of attorneys fees is proper under Section 1021.5 if '(1) plaintiffs' action 'has resulted in the enforcement of an important right affecting the public interest,' (2) 'a significant benefit, whether pecuniary or nonpecuniary, has been conferred on the general public or a large class of persons' and (3) 'the necessity and financial burden of private enforcement are such as to make the award appropriate.'" (*Press v. Lucky Stores* (1983) 34 Cal.3d 311, 317-318.) The fundamental objective of the statute is "to encourage suits enforcing public policies by providing substantial attorneys' fees to successful litigants in such cases." (*Graham v. DaimlerChrysler Corp*. (2004) 34 Cal.4th 553, 565.)

This action resulted in the enforcement of an important right affecting the public interest, as Plaintiff sought to enforce Settlement Class Members' rights to recover statutory wages arising from Defendant's failure to pay all wages and failure to provide meal and rest breaks. (*See Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1113 [noting that "health and safety concerns" are what motivated the Industrial Welfare Commission to adopt mandatory meal and rest periods].)

This action also conferred a significant benefit on a large class of persons. Notice was sent to 1,326 individuals, and no Class Member objected to the Settlement and only four individuals requested exclusion. The Settlement provides a significant monetary benefit, in that it permits all persons who worked for Defendant during the applicable class period to obtain significant compensation for unpaid wages and missed meal and rest periods.

Finally, the necessity and financial burden of private enforcement render an award appropriate. Without the incentive of an attorneys' fee award, Plaintiff could not have afforded to hire counsel to pursue this case, as the cost of litigating this matter far outweighed Plaintiff's potential recovery. (*See Ryan v. California Interscholastic Federation* (2001) 94 Cal.App.4th 1033, 1044 ["As to the necessity and financial burden of private enforcement, an award is appropriate where the cost of the legal victory transcends the claimants' personal interest; in other words, where the burden of pursuing the litigation is out of proportion to the plaintiff's individual stake in the matter."].)

3. The Experience, Reputation and Ability of Class Counsel Support the Fee Award.

As demonstrated by their past experience in pursuing class actions on behalf of consumers and employees, Class Counsel possesses considerable expertise in litigating class action matters. Class Counsel has been involved as lead counsel or co-counsel in dozens of class actions resulting in a multitude of beneficial results to class members in California. (Marquez Decl., ¶¶ 49 - 61; *see also Moreno v. Pretium Packaging, Inc.* (C.D. Cal. Aug. 6, 2021) No. 8:19-cv-02500-SB-DFM, 2021 WL 3673845 [approving Plaintiff's counsel's request for attorney's fees after finding it was "reasonable, given the qualifications of the attorneys who worked on this matter."]; *Mark Brulee, et al. v. DAL Global Services, LLC* (C.D. Cal. Dec. 13, 2018) No. CV 17-6433 JVS(JCGx), 2018 WL 6616659 ["Class Counsel's declarations show that the attorneys are experienced and successful litigators."].) Because it is reasonable to compensate class counsel commensurate with their skill, reputation and experience, a fee award of 33 1/3% of the Maximum Settlement Amount, a percentage considered within the norm in class action practice, is certainly justified here.

Class Counsel's experience in wage and hour class actions was integral in evaluating the strengths and weaknesses of the case against Defendant and the reasonableness of the settlement. Practice in the narrow field of wage and hour litigation requires skill and knowledge concerning the rapidly evolving substantive law (state and federal), as well as the procedural law of class action litigation. Based on these and other factors, Class Counsel has frequently received fee awards amounting to 33 1/3% of the recovery for the class. Therefore, the requested fee award is reasonable and fair.

B. <u>While the Lodestar Method is Not Necessary in Common Fund Cases, Courts May Perform a Cross-Check to Award Fees.</u>

"Despite its primacy, the lodestar method is not necessarily utilized in common fund cases." (*Lealao v. Beneficial California, Inc.* (2000) 82 Cal.App.4th 19, 27.) Courts have criticized the lodestar method as a drain on the judicial system and a disincentive on attorneys to take on high-risk, challenging cases. (*Id.* at p. 29.) Indeed, the lodestar approach: "(1) 'increases the workload of an already overtaxed judicial system,' (2) is 'insufficiently objective and produce[s] results that are far from homogenous,' (3) 'creates a sense of mathematical precision that is unwarranted in terms of the realities of the practice of law,' (4) 'is subject to manipulation by judges who prefer to calibrate fees in terms of percentages of the settlement fund or the amounts recovered by the plaintiffs or of an overall dollar amount,' (5) 'encourages lawyers to expend excessive hours, and . . . engage in duplicative and unjustified work,' (6) 'creates a disincentive for the early settlement of cases,' (7) deprives trial courts of 'flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered,' (8) 'works to the particular disadvantage of the public interest bar,' and (9) results in 'confusion and lack of predictability.'" (*Id.*)

Although California supports the common fund doctrine, the lodestar method can be used to cross-check fee awards. "It may be appropriate in some cases, assuming the class benefit can be monetized with a reasonable degree of certainty, to "cross-check" or adjust the lodestar in comparison to a percentage of the common fund to ensure that the fee awarded is reasonable and within the range of fees freely negotiated in the legal marketplace in comparable litigation."(*In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557.)

Applying the lodestar method requires a two-step process. The first step is to multiply the number of hours reasonably expended by a reasonable hourly rate. The second step is to apply a multiplier to the lodestar to take into account various factors. "The purpose of such adjustment is to fix a fee at the fair market value for the particular action. In effect, the court determines, retrospectively, whether the litigation involved a contingent risk or required extraordinary legal skill justifying augmentation of the unadorned lodestar in order to approximate the fair market rate for such services." (*Id.* at pp. 556-57.) "Under certain circumstances, a lodestar calculation may be enhanced on the basis of a percentage-of-the-benefit analysis." (*Id.* at p. 557.)

Wilshire Law Firm's current lodestar is $107,700.00 based on at least 159.9 hours of reported work performed by Class Counsel. (Marquez Decl., ¶¶ 35 - 36.) Accordingly, the requested fee of $150,000.00 is reasonable and fair as it is based on a multiplier of 1.4. Additionally, there are additional hours devoted by Class Counsel to this litigation that are not reflected in Class Counsel's request for attorney's fees, such as future time that will need to be devoted to ensuring the settlement checks are administered. (Marquez Decl., ¶ 39.)

1. Class Counsel's Rates Have Been Approved by Several Courts.

Class Counsel provides a declaration to support their lodestar hourly rates. "Affidavits of the plaintiffs' attorney and other attorneys regarding prevailing fees in the community, and rate determinations in other cases, particularly those setting a rate for the plaintiffs' attorney, are satisfactory evidence of the prevailing market rate." (*United Steelworkers of America v. Phelps Dodge Corp.* (9th Cir. 1990) 896 F.2d 403, 407.) Class Counsel has received final approval of their hourly rates in other wage and hour class action settlements. These rates are not opposed or challenged.

2. The Lawsuit Provided a Public Benefit.

Class Counsel's choice to litigate this matter provided a public benefit to 712 California employees. Indeed, California Labor Code section 90.5(a) states:

> It is the policy of this state to vigorously enforce minimum labor standards in order to ensure employees are not required or permitted to work under substandard unlawful conditions…and to protect employers who comply with the law from those who attempt to gain a competitive advantage at the expense of their workers by failing to comply with minimum labor standards.

Moreover, the California Supreme Court stated that "Labor Code section 1194 confirms "a clear public policy ... that is specifically directed at the enforcement of California's minimum wage and overtime laws for the benefit of workers." [citation omitted]." (*Sav-on Drug Stores, Inc. v. Super. Ct*. (2004) 34 Cal.4th 319, 340.) Given the financial risks and numerous attorney hours attendant to the litigation of Plaintiff's claims, this factor supports Class Counsel's fee request and encourages the private enforcement of legal rights for the general good.

C. <u>Costs Are Reasonable.</u>

Class Counsel requests reimbursement of $15,946.32 in expenses. (Marquez Decl., ¶ 43.) Defendant has agreed that it will not oppose any cost award request up to $20,000. (Settlement, § 3.2.2 and Amendment to Settlement, § 3.2.2.) The categories of costs are set forth in the accompanying Declaration of Justin Marquez, and these costs are easily seen to be both reasonable and necessary.

D. <u>The Enhancement Payment to Plaintiff is Reasonable.</u>

Named plaintiffs in class action lawsuits "are eligible for reasonable incentive payments to compensate them for the expense or risk they have incurred in conferring a benefit on other members of the class." (*Munoz v. BCI Coca-Cola Bottling Co. of Los Angeles* (2010) 186 Cal.App.4th 399.) Courts routinely grant approval of class action settlement agreements containing enhancements for the class representatives, which are necessary to provide incentive to represent the class, and are appropriate given the benefit the class representatives help to bring about for the class. (*See Rodriguez v. W. Publ'g Corp*. (9th Cir. 2009) 563 F.3d 948, 958-59.)

Service awards are particularly important to plaintiffs in wage and hour cases because they promote the important public policies underlying the wage and hour laws. This strong policy is codified in California Labor Code section 90.5, which provides, "it is the policy of this state to vigorously enforce minimum labor standards in order to ensure employees are not required or permitted to work under substandard unlawful conditions….").

Under the Settlement Agreement, subject to the Court's approval, Defendant agreed not to oppose an enhancement to Plaintiff in the amount of $10,000. (Settlement, § 3.2.1.) This amount is also in exchange for Plaintiff's general release of all claims against Defendant. Plaintiff has submitted a declaration demonstrating that she devoted a great deal of time and work assisting counsel in the case, including numerous phone calls to discuss the case, case strategy, mediation, and settlement. (*See generally,* Declaration of Plaintiff Sabrina Tennant ["Tennant Decl."] (showing at least 40 hours of estimated time devoted to this case).)

When compared with the amounts awarded in typical class action cases, the amount requested here is particularly reasonable. Indeed, a **2006** study examining the average incentive award given to class action plaintiffs from **1993 to 2002** found that the "average award per class representative was $15,992 and the median award per class representative was $4,357." (Theodore Eisenberg & Jeffrey P. Miller, "Incentive Awards to Class Action Plaintiffs: An Empirical Study", 53 UCLA L. Rev. 1303, 1308 (2006).) That same study found that named plaintiffs in employment discrimination class actions received an average award of $69,850 and a median award of $31,081, while named plaintiffs in other employment class actions received an average award of $12,121 and a median award of $13,059. (*Id.* at p. 1334.) The authors of the study found that higher awards in employment cases reflected the "courts' wish to make representative plaintiffs whole by compensating them for the high costs of their service to the class, including risks of stigmatization or retaliation on the job." (*Id.* at p. 1308.)

Another factor that supports the awarding of service awards is whether the class representative's service resulted in notoriety or other personal difficulties. (*See, e.g., Schaffer v. Litton Loan Servicing, LP* (C.D. Cal. 2012) 2012 WL 10274679, at *18.) The California Supreme Court has recognized that "retaliation against employees for asserting statutory rights under the Labor Code is widespread," despite anti-retaliation statutes designed to protect employees. (*Gentry v. Superior Court* (2007) 42 Cal.4th 443, 460-61.) In this context, class representatives should be rewarded for assuming the risk of retaliation for the sake of class members. (*See Frank v. Eastman Kodak Co.* (W.D.N.Y. 2005) 228 F.R.D. 174, 187.)

Here, Plaintiff has lent her name to this case and thus subjected herself to public attention. She has also risked her reputation in the community and with regard to future employment opportunities as a result of stepping forward publicly in a class action. When a class representative shoulders some degree of personal risk in joining the litigation, such as workplace retaliation or financial liability, an incentive award is especially important. (*See Staton v. Boeing Co.* (9th Cir. 2003) 327 F.3d 938, 977; *Weeks v. Kellogg Co.* (C.D. Cal. 2013) 2013 WL 6531177, *36.) Plaintiff has been subject to the rigors of litigation and has had to devote her own time and expenses in participating in the case. (*See, generally,* Tennant Decl.; *see also* Marquez Decl., ¶ 44 - 48.)

E. Administrative Costs Should be Approved.

CPT Group, Inc., the Settlement Administrator, estimates that it will incur a total of $6,750.00 in costs associated with the administration of this Settlement. (Olivares Decl., ¶ 18.) These expenses are reasonable, based upon the size of the class and the additional tasks associated with claim and exclusion tracking and Class Member payment processing.

V. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests that the Court grant final approval of the proposed settlement.

Respectfully submitted

Dated: June 26, 2023

WILSHIRE LAW FIRM

By: ______________________

Justin F. Marquez
Christina M. Le
Arsiné Grigoryan

Attorneys for Plaintiff

PROOF OF SERVICE

Tennant v. Travel Store, Inc., et al.

21STCV31397

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Sandy S. Sespene, state that I am employed in the aforesaid County, State of California; I am over the age of eighteen years and not a party to the within action; my business address is 3055 Wilshire Blvd., 12th Floor, Los Angeles, California 90010. My electronic service address is ssespene@wilshirelawfirm.com.

On **June 26, 2023**, I served the foregoing **PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES,** on the interested parties by placing a true copy thereof, enclosed in a sealed envelope by following one of the methods of service as follows:

Beth A. Schroeder (SBN 119504)
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Attorneys for Defendant, Travel Store, Inc.

(X) **BY ELECTRONIC SERVICE:** Based on a court order or an agreement of the parties to accept electronic service, I caused the documents to be sent to the persons at the electronic service addresses listed above via third-party cloud service **CASEANYWHERE.**

(X) **BY UPLOAD:** I hereby certify that the documents were uploaded by my office to the State of California Labor and Workforce Development Agency Online Filing Site.

I declare under the penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed on June 26, 2023, at Los Angeles, California.

Sandy S. Sespene