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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

GRISELDA GONZALEZ, individually, and on behalf of aggrieved employees pursuant to the Private Attorneys General Act ("PAGA");

Plaintiff,

v.

NETWORK CAPITAL FUNDING CORPORATION, a Nevada corporation; and DOES 1 through 100, inclusive;

Defendants.

Case No.: 30-2021-01226206-CU-OE-CXC

Assigned for All Purposes to:
Honorable Melissa R. McCormick
Department CX-105

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

[RESERVATION ID: 74685526]

[Declaration of Counsel (Douglas Han); Declaration of Plaintiff (Griselda Gonzalez); Declaration Drew Tate; and Declaration of Lisa Mullins filed concurrently herewith]

Hearing Date: April 9, 2026
Hearing Time: 2:00 p.m.
Hearing Place: Department CX-105

Complaint Filed: October 14, 2021
Trial Date: None Set

PLEASE TAKE NOTICE that on April 9, 2026 at 2:00 p.m., or as soon as thereafter as the matter may be heard, before the Honorable Melissa R. McCormick in Department CX-105 of the Orange County Superior Court located at 700 West Civic Center Dr, Santa Ana, California 92701, Plaintiff Griselda Gonzalez ("Plaintiff") will and hereby does move for entry of an order and judgment approving the Settlement Agreement and Release ("Settlement Agreement," "Settlement," or "Agreement") attached as **Exhibit 2** to the Declaration of Douglas Han pursuant to Labor Code section 2699(l).

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

Dated: February 3, 2026

JUSTICE LAW CORPORATION

By: ______________________
Douglas Han
Attorneys for Plaintiff

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MEMORANDUM OF POINTS AND AUTHORITIES

I. SUMMARY OF MOTION

Plaintiff seeks approval of the Settlement Agreement entered between Plaintiff and Defendant Network Capital Funding Corporation ("Defendant"). Plaintiff entered the Settlement Agreement on behalf of herself and all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the August 4, 2020, through September 28, 2025 ("Settlement Group" and "Settlement Period").

II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND

On August 4, 2021, Plaintiff provided a written notices to the California Labor and Workforce Development Agency ("LWDA") and Defendant. On October 14, 2021, Plaintiff filed the representative PAGA action against Defendant, individually and on behalf of California and all Settlement Group Members.[1]

After engaging in discovery, investigations, and negotiations, on July 30, 2025, the Parties participated in mediation with the mediator Mike Ludwig, resulting in the settlement of this case.[2]

III. SUMMARY OF THE SETTLEMENT TERMS

A. Allocation of the Gross Settlement Amount

The Settlement Agreement provides that Defendant will pay a non-reversionary Gross Settlement Amount of $450,000. The PAGA Penalties Fund will be the Gross Settlement Amount less: (1) Attorneys' Fees Award of $150,000; (2) Litigation Costs Award of $9,384.22; (3) Enhancement Payment of $5,000; and (4) Administration Costs of $12,000.[3]

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[1] (Declaration of Douglas Han ("Han Decl."), ¶ 12; Exhibits 8-10.)

[2] (*Id.* at ¶¶ 13-17.)

[3] (Settlement Agreement attached as **Exhibit 2** to the Declaration of Douglas Han ("Settlement Agreement"), §§ 7(a), 7(b).)

The current amount of the PAGA Penalties Fund is estimated to be $273,615.78. Seventy-five percent (75%) of the PAGA Penalties Fund will be transmitted to the LWDA as the LWDA Payment pursuant to Labor Code section 2699(i). The remaining twenty-five percent (25%) of the PAGA Penalties Fund will be distributed to the Settlement Group Members.[4]

B. Distribution of the PAGA Penalties Fund

Defendant shall provide the Settlement Administrator a list of Settlement Group Members in the manner and timeline set forth in the Agreement. The Gross Settlement Amount will be deposited into a qualified settlement fund created by the Settlement Administrator and will be disbursed to the appropriate entities and persons in the manner and timeline set forth in the Agreement. Uncashed settlement checks will be directed to the California State Controller for deposit in the Unclaimed Property Fund in the name of the Settlement Group Member.[5]

C. The Scope of the Release in the Settlement Agreement

Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, all Settlement Group Members, LWDA, and any and all allegedly aggrieved employees will be barred from pursuing civil penalties available under PAGA against the Released Parties based on the facts alleged in the Operative Complaint and PAGA Notice and that arose during the Settlement Period.[6] (*Arias v. Sup. Ct.* (2009) 46 Cal.4th 969, 980, 986 [a plaintiff suing under PAGA "does so as the proxy or agent of the state's labor law enforcement agencies," and, as such, "represents the same legal right and interest as state labor law enforcement agencies … ."].) A judgment in a PAGA action "binds not only that [plaintiff] employee but also the state labor law enforcement agencies." (*Ibid.*) Furthermore, "[b]ecause an aggrieved employee's action under [PAGA] functions as a substitute for an action brought by the government itself, a judgment in that action binds all those, including nonparty aggrieved employees, who would be bound by a judgment in an action brought by the government." (*Ibid.*) "Accordingly, with respect to the

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4 (Settlement Agreement, *supra*, at § 7(b)(v).)

5 (*Id.* at § 8.)

6 (*Id.* at § 9.)

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

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

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

Consistent with this law, the Settlement Agreement does not have a procedure for the Settlement Group Members to object to or exclude themselves.

IV. STANDARD FOR APPROVAL OF PAGA SETTLEMENT

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

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

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

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V. THE SETTLEMENT IS FAIR AND SHOULD BE APPROVED.

A. The Factors Giving Rise to a Presumption of Fairness Exist.

A settlement agreement that is "the product of extensive and hard-fought adversarial negotiations between the parties" is entitled to a presumption of fairness. (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245.)

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

The Settlement is presumptively fair. This is because the Settlement: (1) is the product of non-collusive, arm's-length negotiations; (2) was negotiated by counsel with experience in similar wage-and-hour litigation; and (3) occurred after the Parties' counsel engaged in thorough investigation of the strengths of this case and risks of continued litigation.

B. The Relative Strength of the PAGA Claim and Range of Possible Outcomes.

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

1112 [reducing penalties by 30% under this authority].)[7]

The provisions of the Labor Code triggering PAGA penalties include, but are not limited to, Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 246, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802. To recover civil penalties, it must be proven that the Settlement Group Members suffered from the underlying Labor Code violations and that Defendant's conduct gave rise to penalties. (See e.g. *Elliot v. Spherion Pac. Work, LLC* (C.D. Cal. 2008) 572 F.Supp.2d 1169, 1181-1182.)[8]

Plaintiff alleges that PAGA penalties would be about **$150,500** (1,505 employees x $100 penalty for initial violation) on the low end and **$1,204,000** (1,505 employees x $100 penalty for initial violation x 8 theories of recovery) on the high end. Plaintiff recognized the risk that any PAGA award could be reduced, meaning that the Gross Settlement Amount for PAGA penalties was reasonable. When PAGA penalties are negotiated in good faith and "there is no indication that [the] amount was the result of self-interest at the expense of other Class Members," such amounts are generally considered reasonable. (*Hopson v. Hanesbrands Inc*. (N.D. Cal. Apr. 3, 2009) No. 08-00844, 2009 U.S. Dist. LEXIS 33900 at *24; see e.g. *Nordstrom Com. Cases* (2010) 186 Cal.App.4th 576, 579 ("[T]rial court did not abuse its discretion in approving a settlement which does not allocate any damages to the PAGA claims.").)[9]

C. <u>The Settlement Avoids Risky, Complex, and Lengthy Litigation.</u>

Courts favor voluntary conciliation and settlement of complex litigation. (*Class Plaintiffs v. City of Seattle* (9th Cir. 1992) 955 F.2d 1268, 1276.) Generally, "unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive litigation with uncertain results." (*Nat'l Rural Telecomms. Coop. v. DIRECTV, Inc.* (C.D. Cal. Jan. 5, 2004) 221 F.R.D. 523, 526 (citation omitted).)

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[7] (Han Decl., *supra*, at ¶¶ 21-24.)

[8] (*Id.* at ¶ 25.)

[9] (*Id.* at ¶¶ 26-29.)

The Parties utilized the pre-mediation period to investigate the veracity, strength, and scope of the PAGA claim. The Parties conducted discovery and exchanged documents and data to mediate the claims related to the Labor Code violations and relevant defenses, as well as to assess the potential value and strength of the PAGA claim. Plaintiff's Counsel determined that pursuing a settlement was preferable to taking the uncertain and potentially risky trial route. Even if a similar settlement could have been negotiated later, it would have been diminished by additional costs and expenses incurred. Thus, the Settlement provides immediate recovery rather than the mere possibility of recovery at an unspecified future date.[10]

D. <u>The Settlement Is Fair, Adequate, and Reasonable.</u>

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

The Settlement provides a significant monetary benefit to the LWDA and Settlement Group Members. The proposed plan of allocation of the PAGA Penalties Fund to the LWDA and Settlement Group Members fully complies with Labor Code section 2699(i). Furthermore, Plaintiff and Plaintiff's Counsel acknowledge the expense, duration, risk, and uncertainty associated with the continued proceedings required to litigate this dispute. As previously mentioned, to recover civil penalties, Plaintiff would need to demonstrate that the Settlement Group Members experienced the underlying Labor Code violations and that Defendant's actions resulted in penalties. This process could extend over several months or even years. Plaintiff and Plaintiff's Counsel have also considered Defendant's agreement to settle in a manner that provides immediate relief. When considering the foregoing, Plaintiff and Plaintiff's Counsel concluded that the Settlement constitutes a fair, adequate, and reasonable resolution.[11]

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[10] (Han Decl., *supra*, at ¶¶ 13-17.)

[11] (*Id.* at ¶¶ 21-24, 38.)

E. Experience and Views of Plaintiff's Counsel.

Plaintiff's Counsel are experienced in complex representative and class action wage-and-hour litigation. Plaintiff's Counsel believe that the benefit offered by the Settlement is fair and reasonable and in the best interests of the LWDA and Settlement Group Members.[12]

VI. APPROVAL OF THE ATTORNEYS' FEES AWARD.

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

The Settlement Agreement provides for the payment of Attorneys' Fees Award of $150,000 (1/3 of the Gross Settlement Amount) to Plaintiff's Counsel. The Attorneys' Fees Award is commensurate with the: (1) risks undertaken; (2) time, effort, and expense dedicated; (3) skills and determination shown; (4) results achieved; and (5) other cases turned down.

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

The percentage fee method is preferred in representative actions as "it better approximates the workings of the marketplace than the lodestar approach." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 48.) California law provides that the award for attorneys' fees should be equivalent to fees freely negotiated in the legal marketplace and paid in comparable litigation based on the result achieved and risk incurred. (*Lealao*, at pp. 47, 50; *Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 503.) In cases where the agreement provides the defendant agrees to pay the attorneys a percentage of the fund created by the agreement, use of that percentage method

[12] (Han Decl., *supra*, at ¶¶ 2-9; Exhibit 1.)

is appropriate. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 32.) The fees in class and representative actions should approximate the probable terms of a contingent fee contract negotiated by a sophisticated attorney and client in similar litigation. (*Id.* at p. 48.) "The ultimate goal … is the award of a 'reasonable' fee to compensate counsel for their efforts, irrespective of the method of calculation." (*Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557-558 (quotation omitted).)

Plaintiff's Counsel are also entitled to recover reasonable attorneys' fees and costs as a matter of right. (Lab. Code § 2699(g)(1).) Plaintiff's Counsel are entitled to fees and costs under Code of Civil Procedure section 1021.5 as this case is by definition "for the benefit" of others and has secured monetary awards for the Settlement Group.[13] The payment to the LWDA will benefit the agency in enforcing labor laws and educating "employers and employees about their rights and responsibilities under [the Labor Code]." (Lab. Code § 2699(i).)

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

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

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13 (*Estrada v. FedEx Ground Package Sys. Inc.* (2007) 154 Cal.App.4th 1, 16-17 (recognizing that recovery obtained on behalf of 209 individual satisfies the "significant benefit," "public interest," and "large class of persons" requirements of Code of Civil Procedure section 1021.5, regardless of plaintiff's personal motivation).)

1. The Results Obtained

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

The results obtained herein are reasonable as Plaintiff's Counsel obtained a settlement of $450,000 without the need for extended litigation. If this case went to trial, there was no guarantee that the trial would have been short or that either party would have prevailed. Even if the Parties reached a similar settlement, it would have been undercut by additional expenses incurred. Resolution of this dispute at this stage is preferred as the Parties were moving to the phase where significant time and money would inevitably have to be spent to prepare for trial.

By avoiding the uncertainties associated with conducting trial and Defendant's responses to the allegations, Plaintiff's Counsel obtained those results more quickly and surely than if the matter had been litigated to final resolution. Under the law, this factor supports the Attorneys' Fees Award. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 51.)

2. The Risks Undertaken

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

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

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

Plaintiff executed a contingent fee agreement. This meant that no recovery would have equated to no compensation for 253.3 hours of work and $9,384.22 in litigation costs incurred. Several factors also made this case difficult, thereby contributing to the risks undertaken. These factors included: (1) difficulties in pinning down job responsibilities, wages paid, and meal and rest breaks taken; (2) number of documents that had to be analyzed; (3) shifting wage-and-hour laws; (4) drafting and propounding formal discovery requests and reviewing the responses; (5)

engaging in motions practice with Defendant; and (6) Defendant's initial resistance to the relief.[14]

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

3. The Difficulty of the Litigation

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

Due to the difficulty of this case, Plaintiff's Counsel devoted several hours to this matter. The detailed time records set forth the hours worked by each attorney, allocating the total time to the tasks required to conclude this lawsuit. As stated in the previous section, this was not a clear-cut case. Plaintiff's Counsel had to overcome roadblocks and obstacles before they could reach the settlement, which further illustrates the difficulty of this case.[15]

4. The Skill Displayed and Quality of Work

The level of skill displayed and excellent quality of work it produced justify the Attorneys' Fees Award. Plaintiff's Counsel are skilled and experienced representatives and class action wage-and-hour litigators, and the detailed time records further illustrate this assertion.

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[14] (Han Decl., *supra*, at ¶¶ 30, 32, 33, 36.)

[15] (*Id.* at ¶ 32; Exhibit 3.)

Plaintiff's Counsel used the pre-mediation time to investigate the veracity, strength, and scope of the PAGA claim and to prepare for representative adjudication. This investigation and preparation included: (1) engaging in case strategy and analysis; (2) drafting, reviewing, and revising pleadings, formal discovery requests, and mediation brief; (3) preparing for and appearing at court proceedings; (4) engaging in motions practice with Defendant; (5) calculating potential damages for mediation purposes; (6) preparing for and attending mediation and engaging in negotiations; and (7) working with Defendant's counsel to draft and finalize the Settlement Agreement (and exhibit). Plaintiff's Counsel also undertook the task of locating and interviewing putative aggrieved employees to verify if the PAGA claim raised individualized issues.[16]

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

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

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

Based on the 253.3 hours worked, the base lodestar fees calculation is $184,640, resulting in a negative multiplier of 0.81 when cross-checked to the Attorneys' Fees Award.[17]

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16 (Han Decl., *supra*, at ¶ 15.)

17 (*Id.* at ¶¶ 33, 35.)

1. Work Performed for a Reasonable Number of Hours.

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

This matter required a fair amount of time and labor. The detailed time records evidenced the numerous tasks that were performed by each attorney to seek all necessary information. The detailed time records further illustrate that Plaintiff's Counsel spent a reasonable number of hours working on this case, thereby demonstrating the application for attorneys' fees is reasonable.[18]

The case involved, among other things, gathering and analyzing data from Defendant and other sources. Plaintiff's Counsel undertook preparation to resolve the entire matter through mediation. These preparations ranged from locating and interviewing putative aggrieved employees, engaging in formal discovery and motions practice with Defendant, gathering and reviewing a myriad of documents, determining the scope of the Settlement Group, verifying the strengths of the PAGA claim, etc.

2. The Hourly Rates are Reasonable.

Plaintiff's Counsel's hourly rates are supported by the 2022 Real Rate Report that was compiled by Wolters Kluwer, which surveyed the hourly rates charged in 2022 by hundreds of attorneys in the State of California. The hourly rates are also in line with the Laffey Matrix. The hourly rates are also reasonable for the following reasons: (1) several courts in the State of California have awarded Plaintiff's Counsel fees at similar rates; (2) comparable hourly rates for similar services have been deemed reasonable in several cases in the State of California; and (3) surveys of legal rates have supported the hourly rates. This shows that the hourly rates used for the lodestar calculation are well within the range of non-contingent rates charged by comparable attorneys performing similar work in the State of California.[19]

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[18] (Han Decl., *supra*, at ¶ 32; Exhibit 3.)

[19] (*Id.* at ¶¶ 33-35; Exhibits 4, 5.)

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

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

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

Moreover, the California Supreme Court added:

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

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

Finally, "[F]ee enhancements are intended to compensate for the risk of loss generally in contingency cases *as a class*." (*Ketchum v. Moses*, *supra*, 24 Cal.4th at p. 1133.)

VII. THE LITIGATION COSTS AWARD SHOULD BE APPROVED

The Settlement Agreement allows for Litigation Costs Award of up to $20,000. Plaintiff's Counsel incurred $9,384.22 of litigation in costs and expenses. Plaintiff's Counsel request that the Court order the reimbursement of these costs and expenses.[20]

VIII. THE ENHANCEMENT PAYMENT SHOULD BE APPROVED

The Settlement Agreement provides for the payment of the Enhancement Payment of $5,000 to Plaintiff for the services and contributions on behalf of the Settlement Group. The purpose of such an award is to incentivize plaintiffs to step into the shoes of the state labor agency and undertake the risks associated with initiating a lawsuit and serving in a representative capacity. (*Bell v. Farmers Ins. Exch.* (2004) 115 Cal.App.4th 715, 726 ("service payments" compensate

[20] (Han Decl., *supra*, at ¶ 36; Exhibit 6.)

named plaintiff "for [her] efforts in bringing the action"); *Clark v. Am. Residential Servs., LLC* (2009) 175 Cal.App.4th 785, 804 ("an incentive award is appropriate 'if it is necessary to induce an individual to participate in the suit'"); accord *Ingram v. The Coca-Cola Co.* (N.D. Ga. 2001) 200 F.R.D. 685, 694 (internal quotation marks omitted) ("Courts routinely approve incentive awards to compensate named plaintiffs for the services they provided and the risks they incurred during the course of the [...] litigation.").)

Plaintiff spent time and effort in locating and producing relevant documents and past employment records, reviewing relevant documents, and providing the facts and evidence supporting the allegations. Plaintiff was available whenever needed by Plaintiff's Counsel and actively tried to obtain and provide as much information as possible. Plaintiff spent hours speaking with Plaintiff's Counsel about the alleged violations, discussing the work experiences and work environment, helping Plaintiff's Counsel develop a strategy to obtain additional documents, aiding Plaintiff's Counsel to determine the importance of the documents produced, and reviewing the operative complaint, formal discovery requests, and Settlement Agreement (and exhibit). Plaintiff also made herself available all day to participate in and assist with a full day of mediation.[21]

Plaintiff was advised of and accepted the risks and sacrifices associated with serving as the named plaintiff. Plaintiff is also not related to anyone associated with Plaintiff's Counsel. This is further proof that Plaintiff's interests are not adverse to the Settlement Group Members.[22]

IX. THE ADMINISTRATION COSTS SHOULD BE APPROVED

The Agreement provides for the payment of Administration Costs of up to $12,000. The Administration Costs are intended to cover the costs incurred by the Settlement Administrator for performing its duties outlined in the Agreement. Plaintiff's Counsel have previously worked with the Settlement Administrator and are familiar with its superior reputation and work.

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[21] (Han Decl., *supra*, at ¶ 37; Declaration of Gerardo Griselda Gonzalez ("Gonzalez Decl."), ¶¶ 6-10.)

[22] (Han Decl., *supra*, at ¶ 37; Gonzalez Decl., *supra*, at ¶¶ 11-14.)

X. CONCLUSION

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

Dated: February 3, 2026

JUSTICE LAW CORPORATION

By: ____________________
Douglas Han
Attorneys for Plaintiff

PROOF OF SERVICE
1013A(3) CCP

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

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

On February 3, 2026, I served the foregoing document described as

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

for the following case:	**Gonzalez v. Network Capital Funding Corporation**
LWDA/Court Case No.:	**LWDA Case No.: CM-840323-21** **Court Case No.: 30-2021-01226206-CU-OE-CXC** **Orange County Superior Court**

on interested parties in this action by electronically submitting as follows:
State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

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

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

Executed on February 3, 2026, at Pasadena, California.

Noelia Alonso Esteban