

JAMES HAWKINS APLC
James R. Hawkins, Esq. (#192925)
Gregory Mauro, Esq. (#222239)
Michael Calvo, Esq. (#314986)
9880 Research Drive, Suite 200
Irvine, CA 92618
Tel.: (949) 387-7200
Fax: (949) 387-6676
Email: James@jameshawkinsaplc.com
Email: Greg@jameshawkinsaplc.com
Email: Michael@jameshawkinsaplc.com

Attorneys for Plaintiff ELIZABETH ANN O'REILLY
on behalf of the general public as private attorney general

***Additional Counsel List On Next Page

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

ELIZABETH ANN O'REILLY, and on
behalf of all others similarly situated,

Plaintiff,

v.

REEL SECURITY CALIFORNIA, INC., a
California Corporation; and DOES 1-10,
inclusive,

Defendants.

Case No.: 22STCV06095
Assigned for all purposes to the
Honorable Monica Bachner, Dept. 71

**STIPULATION AND [PROPOSED] ORDER
APPROVING SETTLEMENT OF PRIVATE
ATTORNEYS GENERAL ACT CLAIMS,
AND ENTERING JUDGMENT THEREON**

1 SOLOUKI SAVOY, LLP
2 316 W. 2nd Street, Suite 1200
3 Los Angeles, California 90012
4 Office: 213.814.4940
5 Fax: 213.814.2550
6 Direct: 213.814.4945
7 Shoham Solouki, Esq.
8 Email: Shoham@SoloukiSavoy.com

9 Attorneys for Plaintiff JOSE CERVANTES

10
11 Barry A. Bradley, Esq., State Bar No. 125353
12 *bbradley@bgwlawyers.com*
13 Jaimee K. Wellerstein, Esq., State Bar No. 210600
14 *jwellerstein@bgwlawyers.com*
15 Daniel J. Park, Esq., State Bar No. 274973
16 *dpark@bgwlawyers.com*
17 BRADLEY, GMELICH & WELLERSTEIN LLP
18 700 North Brand Boulevard, 10th Floor
19 Glendale, California 91203-1202
20 Telephone: (818) 243-5200
21 Facsimile: (818) 243-5266

22 Attorneys for Defendant

23 REEL SECURITY CALIFORNIA, INC.

STIPULATION

IT IS HEREBY STIPULATED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. On December 08, 2021, Plaintiff Elizabeth Ann O'Reilly, ("Plaintiff") transmitted a letter to the California Labor & Workforce Development Agency ("LWDA") and Defendant Reel Security California, Inc. ("Defendant") in compliance with the exhaustion requirements of the California Labor Code Private Attorneys General Act ("PAGA"), articulating claims related to the: (a) failure to pay all lawful wages owed (including minimum and overtime wages); (b) failure to provide meal periods for every work period exceeding more than five (5) or ten (10) hours per day and failure to pay an additional hour's of pay or accurately pay an additional hour's of pay in lieu of providing a meal period; (c) failure to provide rest breaks for every four hours or major fraction thereof worked and failure to pay an additional hour's of pay or accurately pay an additional hour's of pay in lieu of providing a rest period; (d) failing to pay all wages earned and owed upon separation from Defendant's employ; (e) failing to provide accurate itemized wage statements; (f) failing to provide suitable seating; and (g) failing to reimburse expenses. See Declaration of James Hawkins ("Hawkins Decl.") at ¶ 3; **Exhibit "B"** to Hawkins Decl.

2. On February 16, 2022, Plaintiff O'Reilly filed her Representative Action Complaint in the Superior Court of the State of California for the County of Los Angeles, entitled *O-Reilly v. Reel Security California, Inc.* case number 22STCV06095. Plaintiff filed her Complaint on behalf of the State of California and other aggrieved employees as a PAGA action based on violations of Labor Code §§ 201-203, 510, 511, 512, 558, 226, 226.3, 226.7, 1174, 1174.5, 1175, 1182.12, 1194, 1197, 1197.1, 1198, 2802, 2698 *et seq.*, 2699, and all applicable Industrial Welfare Commission ("IWC") Orders and California Code of Regulations, Title 8, section 11000 *et seq.* Hawkins Decl. at ¶ 4.

3. On October 30, 2023, Plaintiff Cervantes filed his Representative Action Complaint in the Superior Court of the State of California for the County of Los Angeles, entitled *Cervantes v. Reel Security California, Inc.* case number 23STCV26536. Plaintiff filed his Complaint on behalf of the State of California and other aggrieved employees as a PAGA action based on violations of

1 Labor Code §§ 201-203, 510, 511, 512, 558, 226, 226.3, 226.7, 1174, 1174.5, 1175, 1182.12, 1194,
2 1197, 1197.1, 1198, 2802, 2698 *et seq.*, 2699, and all applicable Industrial Welfare Commission
3 (“IWC”) Orders and California Code of Regulations, Title 8, section 11000 *et seq.* Solouki
4 Declaration ¶ 5.

5 4. This Settlement was reached as a result of Defendant’s financial condition, which
6 was assessed by a forensic accountant and determined that Defendant was unable to pay the true
7 value of the Settlement, worth approximately \$2,000,000.00 . Defendant’s inability to pay the true
8 settlement value of these Actions, coupled with the analysis conducted by a forensic accountant,
9 resulted in the instant Total Settlement of \$250,000.00. The Settlement is fair and reasonable in
10 light of Defendant’s financial condition.

11 5. During the course of the litigation, the Parties engaged in both formal and informal
12 discovery and fully shared the information necessary for all sides to conduct a legitimate
13 investigation into the allegations of the action and potential defenses thereto including payroll and
14 time keeping sampling of the purported Aggrieved Employees along with policies and relevant data
15 points. The Parties have reached this settlement only after discovery and investigation was
16 performed, including an assessment regarding Defendant’s financial condition conducted by a
17 forensic accountant. Hawkins Decl. at ¶ 5.

18 6. From approximately June through mid-October 2024, Defendant produced
19 numerous records to attempt settlement in this matter. These records included: (a) Financial records
20 from 2021 through 2024, including tax returns, balance sheets, and profit & loss statements; (b)
21 applicable written policies and procedures that applied to the proposed PAGA class; and (c)
22 voluminous sampling of time and pay records amounting to thousands of pages of records.
23 Hawkins Decl. at ¶ 6.

24 7. Being fully apprised of the value and strength of the PAGA theories alleged in the
25 action, and based on the sampling of information (notably the financial condition of Defendant),
26 the Parties successfully negotiated a settlement through arm’s-length negotiations. The terms and
27 conditions of the settlement are set forth in the Joint Stipulation re Settlement and Release of PAGA

1 Action (“Settlement” or “Settlement Agreement”). The Settlement Agreement resolves all claims
2 asserted in the *O’Reilly* and *Cervantes* Complaints and contemplates that the settlement will be
3 approved and the Court will enter judgment. Hawkins Decl. at ¶¶ 2, 3, 7, **Exhibit A**.

4 8. Counsel for Plaintiffs and Defendant also considered the fact that the existence of
5 numerous disputes of fact in this case make the outcome uncertain. In the estimation of counsel for
6 the Parties, the delay, inconvenience, distraction, and uncertainty imposed by the litigation demands
7 would far outweigh the potential benefits of additional litigation. Hawkins Decl. at ¶ 8.

8 9. Based on the information and documents obtained through both formal and informal
9 discovery, Plaintiffs assessed the maximum value of the PAGA claims to be released by the
10 settlement to be approximately \$1,625,000.00 (at the rate of a \$50.00 penalty for approximately
11 32,500 pay periods at issue for approximately 1,200 Aggrieved Employees). Hawkins Decl. at ¶
12 9.

13 10. Plaintiffs’ Counsel also took into account that even if Plaintiffs prevailed on the
14 merits of the PAGA claim, Defendant could persuasively argue that the Court should exercise its
15 discretion, under Labor Code § 2699(e), to reduce the amount of civil penalties assessed. A court
16 in a PAGA action has the same discretion “to assess a civil penalty” that the Labor Commissioner
17 would have, as well as complete discretion to “award a lesser amount than the maximum civil
18 penalty amount specified [by PAGA] if, based on the facts and circumstances of the particular case,
19 to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory.”
20 And indeed, it is common for courts to reduce the penalties. *See e.g., Ghrdilyan v. RJ Financial,*
21 *et al.*, Los Angeles Superior Court, Case No. BC430633 (94% reduction); *Parr v. Golden State*
22 *Overnight Delivery Service, Inc.*, Alameda County Superior Court, Case No. RG12-618103 (94%
23 reduction); *Fleming v. Covidien, Inc.*, 2011 U.S. Dist. LEXIS 154590 (C.D. Cal. Aug. 12, 2011)
24 (82% reduction); *Gola v. University of San Francisco*, Case No. CGC-18-565018 (Sup. Ct.
25 Decision dates July 21, 2020) (85% reduction of PAGA penalties).

26 11. As set forth in the Settlement Agreement, the Total Settlement Amount (“TSA”) is
27 \$250,000.00, and includes an apportionment of attorneys’ fees and costs, payment to the settlement
28

1 administrator, and incentive payments to each named Plaintiff. Hawkins Decl. at ¶ 26.

2 12. The Settlement is intended to fully and finally resolve the PAGA claims asserted
3 by Plaintiffs on behalf of the State of California and aggrieved employees. After deducting the
4 Attorneys' Fees of (1/3 i.e. 33.333%) (\$83,333.33) and Attorneys' Costs not to exceed \$20,000.00,
5 Settlement Administration Expenses not to exceed (\$8,890.00) APEX Class Action Administration
6 (the Settlement Administrator), and Plaintiffs' general release/Incentive Payments (\$10,000.00 to
7 each named Plaintiff), the remaining Net Settlement Amount is estimated to be \$117,777.33 and
8 will be distributed to the LWDA and Aggrieved Employees. An estimated \$29,444.33 (25% of the
9 NSA) will be distributed to the Aggrieved Employees on a pro rata basis, amounting to an average
10 of \$24.50 per Aggrieved Employee. The remaining \$88,333.00 (75% of the NSA) is to be
11 distributed to the LWDA. Hawkins Decl. at ¶ 27; Settlement Agreement at ¶ 1.12.

12 13. Based on Plaintiffs' counsel's extensive experience litigating over 200
13 representative actions, counsel for Plaintiffs believe the settlement here is fair and reasonable and
14 warrants approval by the Court. Hawkins Decl. at ¶¶ 28-34.

15 14. The Parties agree that this stipulation should be sufficient for purposes of approving
16 the PAGA Settlement of the Complaints as set out in the Joint Stipulation re Settlement and Release
17 of PAGA Action pursuant to the requirements set out in Labor Code section 2699(1)(2).

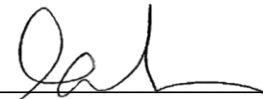
18 15. The Parties request that the Court enter the accompanying order, approving the
19 Settlement as permitted by Labor Code § 2699(1), and entering Judgment in accordance with the
20 terms and conditions of the Settlement Agreement. Hawkins Decl. at ¶ 38.

21 **IT IS SO STIPULATED.**
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1 **ATTORNEYS FOR PLAINTIFFS:**

2 Dated: February 4, 2025

JAMES HAWKINS APLC

3
4 By: 
5 James R. Hawkins
6 Gregory Mauro
7 Michael Calvo
8 Lauren Falk

9
10 Dated: February 4, 2025

SOLOUKI & SAVOY, LLP

11 By: _____
12 Shoham J. Solouki
13 Attorneys for Plaintiff JOSE CERVANTES

14 **ATTORNEYS FOR DEFENDANT:**

15 Dated: February 4, 2025

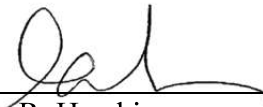
BRADLEY, GMELICH & WELLERSTEIN LLP

16 By: 
17 Jaimee Wellerstein
18 Jean-Paul Le Clercq

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4 **ATTORNEYS FOR PLAINTIFFS:**

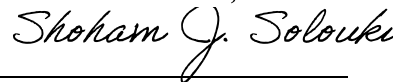
5 Dated: February 4, 2025

JAMES HAWKINS APLC

6 By: 
7 James R. Hawkins
8 Gregory Mauro
9 Michael Calvo
10 Lauren Falk

11 Dated: February 4, 2025

SOLOUKI & SAVOY, LLP

12 By: 
13 Shoham J. Solouki
14 Attorneys for Plaintiff JOSE CERVANTES

15 **ATTORNEYS FOR DEFENDANT:**

16 Dated: February 4, 2025

BRADLEY, GMELICH & WELLERSTEIN LLP

17
18 By: _____
19 Jaimee Wellerstein
20 Jean-Paul Le Clercq
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ORDER

Having reviewed and considered the Parties' Joint Stipulation for an Order Approving Settlement of Private Attorneys General Act Claims and Entering Judgment Thereon, and for good cause appearing, the Court Grants the Parties' Stipulation and hereby ORDERS AND ADJUDGES:

1. The Court, for purposes of this Order, refers to all defined terms as set forth in the Joint Stipulation re: Settlement and Release of PAGA Action ("Agreement" or "Settlement Agreement").

2. The Court finds the Settlement was entered into in good faith, that the settlement is fair, reasonable and adequate, and that the settlement satisfies the standards and applicable requirements for approval of PAGA representative actions under California law. The Settlement is hereby accepted and approved.

3. The Parties shall bear their own respective attorneys' fees and costs, except as otherwise provided for in the Settlement and approved by the Court.

4. The Settlement is not an admission by Defendants nor is this Order a finding of the validity of any allegations or of any wrongdoing by Defendants. Neither this Order, the Settlement, nor any document referred to herein, nor any action taken to carry out the Settlement, may be used as an admission of any fault, wrongdoing, omission, concession, or liability whatsoever by or against Defendants.

5. The Court hereby confirms James Hawkins and Gregory Mauro of JAMES HAWKINS APLC and Shoham J. Solouki of SOLOUKI & SAVOY, LLP as PAGA Counsel.

6. The Court appoints APEX Class Action Administrators as the Settlement Administrator to administer the Settlement pursuant to the terms of the Settlement Agreement.

7. Defendants shall pay the Gross Settlement Amount of \$250,000.00 according to the terms of the Settlement Agreement.

8. The Net Settlement Amount means the Total Settlement Amount (\$250,000.00) minus the following: (a) Attorneys' Fees to Plaintiff's Counsel in the amount of \$83,333.33; (b)

1 \$20,000.00 allocated to litigation costs; (c) \$10,000.00 allocated to each Plaintiff as Incentive
2 Payments; and (d) up to \$8,890.00 allocated to Settlement Administrator Costs.

3 (a) The Court approves payment to Plaintiffs' counsel of Attorneys' Fees in the amount
4 of \$83,333.33 to be paid from the Total Settlement Amount

5 (b) The Court approves payment to Plaintiffs' counsel of actual litigation costs in the
6 amount of \$20,000.00 to be paid from the Total Settlement Amount.

7 (c) The Court approves payment to the Settlement Administrator for its reasonable costs
8 and fees to administer the Settlement, up to \$8,890.00 to be paid from the Total
9 Settlement Amount.

10 (d) The Court approves payment of \$10,000.00 as an Incentive Payment to be paid to
11 each Plaintiff for their service as a PAGA Representative.

12 (e) Any difference from these amounts will be added to the Net Settlement Amount.

13 9. In accordance with Labor Code § 2699(d), 75% of the Net Settlement Amount,
14 (\$88,333.00) is allocated to the LWDA, and the remaining 25% (\$29,444.33) is allocated to the
15 Aggrieved Employees on a pro-rata basis.

16 10. The "PAGA Period" means the period from December 8, 2020 through May 17,
17 2024.

18 11. The "Effective Date" shall be the later of the time when: (i) the date of final
19 affirmance of the Judgment on an appeal of the Judgment, the expiration of the time for, or the
20 denial of, a petition to review the Judgment, or if review is granted, the date of final affirmance of
21 the Judgment following review pursuant to that grant, (ii) the date of final dismissal of any appeal
22 from the Judgment or the final dismissal of any proceeding to review the Judgment, provided that
23 the Judgment is affirmed and/or not reversed in any part, (iii) the final resolution (or withdrawal)
24 of any filed appeal in a way that affirms the Final Approval Order and Judgment in a form
25 substantially identical to the form of the Final Approval Order entered by the Court, and the time
26 to petition for review with respect to any appellate decision affirming the Final Approval Order has
27

1 expired; or (iv) if no appeal is filed, the sixty-first (61st) day after the Court enters final approval
2 of the settlement and the Judgment approving this Agreement.

3 12. The PAGA List will be provided to the Settlement Administrator within 21 days of
4 Defendant receiving written notification that the Court granted approval of the Settlement. "PAGA
5 List" shall mean the information for each PAGA Member which Defendant shall compile from their
6 business records and provide to the Administrator for purposes of providing notice of the Settlement
7 to the PAGA Group. The PAGA List shall be in a readable, ready to use, MS Excel spreadsheet,
8 which will provide for each Settlement Class Member, the following information: (a) full name; (b)
9 last-known mailing address; (c) telephone numbers; (d) Social Security number; (e) dates of
10 employment; and (f) number of pay periods employed as a PAGA Member during the PAGA Period.

11 13. The Settlement Administrator will provide Defendant with its bank wire
12 instructions to establish the Qualified Settlement Fund (QSF). The funding of the Settlement shall
13 agree as follows:

14 (a) Within 14 days of the Effective Date, Defendant shall transmit to the
15 Settlement Administrator a total of \$50,000.00, which will constitute: (1) the
16 \$10,000.00 Incentive Payments to each Plaintiff, provided they execute
17 individual settlement agreements with 1542 waivers; and (2) \$30,000.00 for
18 purposes of all settlement payments, including aggrieved employee
19 payments, LWDA payments, attorney's fees and costs, and settlement
20 administration costs;

18 (b) The balance of the Total Settlement Amount - \$200,000.00 – shall be
19 transmitted to the Settlement Administrator over 30 equal monthly
20 installments (or \$6,666.67 per month).

21 14. The Administrator shall distribute two, pro-rata payments. The first distribution
22 shall take place within 15 calendar days of the 10th monthly installment payment identified in
23 Section 7.1(b) above. The second distribution shall take place 15 days after the final (30th) monthly
24 installment payment. Each payment shall be a pro-rata payment for the following: (a) Aggrieved
25 Employee Group members, for their Individual Settlement Payments via first-class regular U.S.
26 Mail; (b) to PAGA Counsel, for the Court-awarded Attorneys' Fees and Litigation Costs Payment;

(c) to the LWDA, for the Court-approved LWDA Payment; (d) the Incentive Payment to Plaintiffs ; and (e) to the Administrator, for the Court-awarded Administration Fees and Expenses.

15. Funds from uncashed or returned checks (after the 180 day check cashing deadline) will be distributed to the State Controller's Unclaimed Property Fund in the name of the employees.

16. All costs and expenses due to the Settlement Administrator in connection with its administration of the Settlement described in the Agreement, including, but not limited to, formatting and mailing the Settlement Letter and Individual Settlement Payments, performing a National Change of Address database search to update Aggrieved Employee Group addresses prior to the mailing, performing skip-traces to locate and update Aggrieved Employee Group addresses, calculating, and distributing Individual Settlement Payments, and any other tasks requested by the Parties or by the Court, among other tasks as reflected within this Agreement, will be paid through the Total Settlement Amount.

17. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

18. By operation of this Order, upon the Effective Date, Plaintiffs, the Aggrieved Employee Group, and the State of California vis-à-vis the LWDA shall hereby release the Released Parties for the Released Claims for the PAGA Period, including for all claims pleaded or that could have been pleaded in the *O'Reilly* Matter or *Cervantes* Matter.

19. Under California Code of Civil Procedure section 664.6, the Court retains jurisdiction over the Parties to the fullest extent necessary to interpret, enforce, and effectuate the terms and intent of the Settlement and this Order.

20. Plaintiffs' counsel shall submit a copy of this Order to the LWDA within seven (7) days of the entry of the Order.

21. The above-referenced action and all claims asserted by Plaintiffs individually and in a representative capacity are hereby dismissed with prejudice.

IT IS SO ORDERED AND ADJUDGED. LET JUDGMENT BE FORTHWITH ENTERED ACCORDINGLY.

DATED: _____

THE HONORABLE DANIEL M. CROWLEY
JUDGE OF THE SUPERIOR COURT