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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

GUADALUPE MEDINA LOPEZ, as an individual and on behalf of other similarly situated employees, Plaintiff, vs. ATRIUM HOSPITALITY LP, a California corporation, ATRIUM HOTELS MANAGEMENT, LLC, a California corporation, and DOES 1-50, inclusive, Defendants.	Case No.: 30-2022-01245971-CU-OE-CXC *Assigned for all purposes to the Hon. Layne H. Melzer, Dept. CX102* **PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** **Hearing Date:** July 17, 2025 **Hearing Time:** 2:00 p.m. **Department:** CX102

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Guadalupe Medina Lopez ("Plaintiff") seeks preliminary approval of the Settlement and Release Agreement (hereinafter "Agreement" or "Settlement") entered into by Plaintiff on the one hand, and Defendant Golden Hotels Limited Partnership dba Atrium Hotel ("Atrium" or "Defendants") on the other hand. If approved by the Court, the Settlement would provide valuable monetary relief for current and former employees of Atrium. Plaintiff and Atrium (collectively, the "Parties") jointly prepared and executed the formal long-form Agreement, attached as **Exhibit 1** to the Declaration of Armond M. Jackson ("Jackson Decl."), the basic terms of which provide for:

(1) Conditional certification of the Settlement on behalf of Class Members defined as: all individuals currently or formerly employed by Golden Hotels in California as hourly, non-exempt employees from February 10, 2018 through May 31, 2023.[1]

(2) A non-reversionary Gross Class Settlement Amount of $150,000.00. The Gross Settlement Amount includes:

(a) A Net Settlement Amount of approximately $72,505 (the Gross Settlement Amount minus the requested Attorneys' Fees and Costs, Settlement Administration Costs, the requested PAGA Settlement Amount, the requested Incentive Awards, and payroll tax amounts), which will be allocated to Participating Class Members on a pro-rata basis according to the Qualifying Workweeks worked by each Class Member during the Class Period. The entire Net Settlement Amount will be paid to all Class Members who do not opt out of the Settlement Class ("Participating Class Members"), and without the need to submit claims for payment.

(b) Attorneys' fees in the amount of one-third of the Class Settlement Amount (or $49,995) and litigation costs and expenses not to exceed $15,000.00 to Jackson APC ("Class Counsel").

(c) Settlement Administration Costs, currently estimated at $7,500.00 to be paid to the jointly selected settlement administrator, ILYM Group, Inc.

(d) A $10,000.00 payment of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties (the requested "PAGA Settlement Amount"). From this amount, $7,500.00 will be paid to the California Labor and Workforce Development Agency ("LWDA"), and the remaining $2,500.00 will be paid to PAGA Group Members.

(e) Incentive Award of $5,000.00 to Plaintiff Guadalupe Medina Lopez for her service on behalf of the Settlement Class.

(f) Associated payroll taxes, including the employer's share of payroll taxes.

[1] The Class Period is defined as February 10, 2018 to May 31, 2023. Pursuant to Section 7 of the Settlement, there is a possibility of the Class Period being shortened if the final number of workweeks is greater than 12,982.

An objective evaluation of the Settlement confirms that the relief negotiated on the Class Members' behalf is fair, reasonable, and valuable. The Agreement was negotiated by the parties at arm's-length with helpful guidance from mediator Todd A. Smith, Esq., an experienced, well-respected class action mediator, and the Agreement confers substantial benefits to Class Members. Indeed, by settling now rather than proceeding to trial, Class Members will not have to wait (possibly years) for relief, nor will they have to bear the risk of class certification being denied or of Defendants prevailing at trial.

As discussed below, the proposed Agreement satisfies all criteria for preliminary settlement approval under California law and falls within the range of reasonableness. Moreover, the proposed group of Class Members is appropriate for provisional certification. Accordingly, the Parties respectfully request that this Court grant preliminary approval of the Settlement.

II. FACTS AND PROCEDURE

A. Summary of the Litigation.

During the Class Period, Atrium employed non-exempt individuals to work at hotels in California, including Plaintiff. [Jackson Decl. ¶ 3.] This Agreement is limited to Atrium's employees in the State of California, during the Class Period. [*Id.*]

On February 10, 2022, Plaintiff Medina Lopez filed a Class Action Complaint against defendant Golden Hotels Limited Partnership dba Atrium Hotel in the Orange County Superior Court, Case No. 30-2022-01245971- CU-OE-CXC, alleging violations of the California Labor Code and applicable wage orders for the following claims: (1) failure to timely pay wages; (2) unlawful receipt of wages; (3) failure to provide meal breaks; (4) failure to provide rest periods; (5) failure to maintain accurate itemized wage statements and maintain records; (6) failure to provide wage; (7) failure to pay for necessary business expenses; (8) unlawful business practices under Business and Professions Code section 17200 et. seq.

On April 1, 2021, Plaintiff Medina Lopez filed a First Amended Complaint adding the following claims: (1) failure to pay minimum wages; (2) failure to pay overtime wages; and (3) violation of the Private Attorney General Act

The Parties subsequently agreed to participate in a global mediation of Plaintiff's class and PAGA actions with respect to the claims of all current and former non-exempt employees of Atrium in California. Prior to the mediation, Atrium produced punch data for clock out and clock-in times, and pay records for a sample of the putative class members, as well as copies of relevant wage and hour policies in effect during the relevant time. [*Id.*] Plaintiff's counsel reviewed the foregoing documents prior to mediation.

Plaintiffs' primary theories of liability are as follows:

- **Unpaid Wage Claims**: Plaintiff alleged that Defendants failed to provide compensation for all hours worked due to off-the-clock work and failed to pay for all wages. [Jackson Decl. ¶¶ 16-19.]
- **Unlawful Meal Period Claim**: Plaintiff alleged that Defendants failed to provide compliant meal periods by understaffing employees in light of the work demands to allow them to take meal periods on time and for at least 30 minutes. [Jackson Decl. ¶¶ 12-15.]
- **Unlawful Rest Break Claim**: Plaintiff alleged that Defendants failed to permit and authorize rest breaks for the same reason they could not take their meal periods. [*Id.*]
- **Wage Statement Claim**: Plaintiff alleged that Defendants failed to provide complete and accurate itemized wage statements in compliance with Labor Code section 226(a) by issuing wage statements to Plaintiff and Class Members that failed to reflect the correct total number of hours worked and therefore, the correct wages earned, on every wage statement. [Jackson Decl. ¶¶ 20-24.] Plaintiff also alleged that Defendants failed to provide Plaintiff with timely and accurate wage statements as a derivative claim of the foregoing allegations for failure to provide breaks, failure to pay for all hours worked, reporting time, split shift premiums, tips, and gratuities, and failure to properly calculate and pay overtime premium pay.
- **Unlawful Failure to Pay Upon Termination Claim**: Plaintiff alleged that Defendants failed to pay all wages due at termination, including because an extra hour of pay was not provided when meal or rest breaks were not provided and because workers were not paid all overtime and/or premium wages. [Jackson Decl. ¶ 25.]
- **2802 Claim**: Plaintiff alleged that Defendants failed to reimburse Plaintiff and Class Members for business related expenses. [Jackson Decl. ¶ 26.]

B. The Parties Settled After the Mediation.

On June 8, 2023, the Parties participated in a full day of mediation with mediator Todd A. Smith, Esq., an experienced mediator of wage and hour class actions. Mediator Smith helped to manage the Parties' expectations and provided a useful, neutral analysis of the issues and risks to both sides. At the conclusion of the mediation, Mediator Smith continued the negotiations for months that ultimately resulted in the resolution of this case by way of a mediator's proposal. [Jackson Decl. ¶ 7.] Thereafter, the Parties jointly drafted and executed the Agreement. [Jackson Decl. ¶ 2, **Exhibit A**.] At all times, the Parties' negotiations were adversarial and non-collusive, and the Agreement thus constitutes a fair, adequate, and reasonable compromise of the claims at issue. [Jackson Decl. ¶ 6.]

C. The Proposed Settlement Fully Resolves Plaintiff's Claims.

1. Compensation of the Settlement Class and Settlement Consideration

The proposed group of Class Members consists of all current and former non-exempt employees employed by Atrium in California during the Class Period, which is from February 10, 2018 to May 31, 2023. The proposed group of PAGA Group Members consists of all Class Members employed by Atrium at any time between January 18, 2021 and May 31, 2023.

The Released Parties means Defendant, and its former and present direct and/or indirect owners, dba's, affiliates, predecessors, successors, all former, current, and future related organizations, companies, divisions, subsidiaries, affiliates, and parents, including without limitation, Golden Hotels Limited Partnership dba Atrium Hotel, and collectively, their respective former, current and future management companies, members, directors, officers, insurers, employees, agents, representatives, attorneys, fiduciaries, assigns, heirs, executors, administrators, employee benefit plans, beneficiaries, trustees and any entity claimed to be a joint employer with Defendant and/or joint and/or severally liable with Defendant and any other individual or entity which could be liable for any of the Released Claims..

Plaintiff and Atrium have agreed to settle the underlying class claims in exchange for the non-reversionary Gross Settlement Amount of $150,000.00. The Gross Settlement Amount includes: (1) settlement payments to Participating Class Members; (2) $49,995.00 in requested attorneys' fees and up to $15,000.00 in requested litigation costs to Plaintiff's Counsels; (3) Settlement Administration Costs capped at $7,500.00; (4) an allocation of $10,000.00 to PAGA; (5) an Incentive Award of $5,000.00 to Plaintiff Guadalupe Medina Lopez for her service on behalf of the Class Members; (6) associated payroll taxes, including the employer's share of payroll taxes [Jackson Decl. ¶ 2, **Exhibit A.**]

Subject to the Court approving the requested Attorneys' Fees and Costs, the Settlement Administration Costs, the PAGA Settlement Amount, and the Incentive Awards, the Net Settlement Amount will be distributed to Participating Class Members. The Net Settlement Amount will be paid to Participating Class Members without the need to submit claims for payment.

2. Formula for Calculating Settlement Payments

Each Class Member's share of the Net Settlement Amount will be proportional to the Workweeks that he or she worked during the Class Period. The Settlement Administrator will calculate Individual Settlement Payments as follows:

- The Net Settlement Amount shall be divided between all Participating Class Members in proportion to the number of individual Qualifying Workweeks for each Class Member.
- To calculate the amount each Class Member will receive based on their individual Qualifying Workweeks, the Net Settlement Amount will be divided by the total number of Qualifying Workweeks by all Class Members during the Class Period and then allocated on a pro rata basis.[2]

[Jackson Decl. ¶ 2, **Exhibit A**, Section 2.2.5]

The estimated average amount per workweek is $11.55 for each Class Member.[3] This average net recovery is comparable or higher than many wage and hour class action settlements approved by California state and federal courts. *See, e.g., Ressler v. Grossmanated Dept. Stores, Inc.*, Case No. BC335018 (L.A. County Super. Ct.); *Doty v. Costco Wholesale Corp.*, Case No. CV05-3241 FMC-JWJx (C.D. Cal. May 14, 2007); and *Gomez v. Amadeus Salon, Inc.*, Case No. BC392297 (L.A. County Super. Ct.).

3. Release by the Participating Class Members and PAGA Group Members

In exchange for the Gross Settlement Amount, Plaintiff and Participating Class Members will agree to release the following Released Claims:

> "All Participating Class Members release Released Parties from any and all claims, damages, debts, liabilities, demands, obligations, penalties, actions or causes of action of any kind, arising under state, federal or local law, whether statutory, common law, or administrative law, at any time during the Class Period, that were or could have been asserted based on or arising out of the factual allegations in the Operative Complaint, including, without limitation, claims for: meal period violations, rest period violations, unpaid minimum and overtime wages, untimely payment of wages, wage statement violations, waiting time penalties, violations of the unfair competition laws, failure to pay all wages owed each payday, failure to maintain accurate records, civil penalties under the Private Attorneys General Act, California Business and Professions Code section 17200, et seq., the federal Fair Labor Standards Act ("FLSA," 29 U.S.C. section 201 et seq.); claims under California Labor Code sections 201 to 204, 210, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 558.1, 1174, 1174.5, 1194, 1194.2, 1197.1, 1198, 2698 et seq., and the Wage Orders promulgated thereunder; and claims for injunctive relief, punitive damages, penalties of any nature, interest, fees, and costs. As to federal claims arising under the FLSA that could have been pleaded based on the facts pleaded in the Operative Complaint, such claims shall not be released unless and until a Participating Class Member signs their settlement check, which will constitute consent to opt into the release of all FLSA claims that could have been pleaded based on the facts pleaded in the Operative Complaint. 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 10

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[2] PAGA Group Members' individual PAGA payments will be similarly calculated based on workweeks during the PAGA Period.

[3] This is based on an estimated 240,000 workweeks worked by Class Members during the Class Period. The actual amount per workweek will be confirmed by the Settlement Administrator after the final class list is provided.

> insurance, disability, social security, workers' compensation, or claims based on facts outside of the Operative Complaint or outside the Class Period."

[Jackson Decl. ¶ 2, **Exhibit A** (Section 4.2)]

Plaintiff and PAGA Group Members will also agree to release the following Released PAGA Claims:

> "All PAGA Members and the LWDA release Released Parties from, and are forever barred from pursuing penalties, interest, fees or costs against Released Parties for, the PAGA claims alleged in and/or arising out of the facts alleged in the Operative Complaint and/or Plaintiff's administrative exhaustion letter submitted to the LWDA on January 18, 2022, as well as the amended administrative exhaustion letter submitted to the LWDA on November 12, 2024, arising during the PAGA Period, including, without limitation penalties predicated on the underlying alleged violations for: unpaid meal period premiums, unpaid rest period premiums, unpaid minimum and overtime wages, untimely payment of wages, wage statement violations, waiting time penalties, failure to pay all wages owed each payday, failure to maintain accurate records, California Labor Code sections 201 to 203, 210, 221, 226, 226.3, 226.7, 246, 510, 512, 558, 1194, 1198, 2802, 6401, 6403, 2698 et seq., and the Wage Orders promulgated thereunder ("Released PAGA Claims"). The Released PAGA Claims will have a *res judicata* effect against the LWDA and/or any PAGA Member who makes a claim against any of the Released Parties for any of the claims or seeks to participate in any judgment or settlement of claims that are the subject of the Released PAGA Claims in any other representative action against any of the Released Parties."

[Jackson Decl. ¶ 2, **Exhibit A** (Section 4.3)]

III. ARGUMENT

A. The Court Should Preliminarily Approve the Proposed Settlement.

1. Courts Review Class Action Settlements to Ensure that the Terms Are Fair, Adequate, and Reasonable.

California Rule of Court ("Rule"), Rule 3.769 requires litigants to obtain court approval of class action settlements. Approval occurs in two steps: (1) an early "preliminary" review by the trial court; and (2) a subsequent "final" review after notice of the settlement has been distributed to class members for their comments and objections. [Rules 3.769(c)-(g); *Cellphone Termination Fee Cases*, 180 Cal. App. 4th 1110, 1118 (2009) (the court first "preliminarily approves the settlement" and later "conducts a final approval hearing to inquire into the fairness of the proposed settlement").] The motion for preliminary approval must be accompanied by (1) the settlement agreement, (2) proposed notice to the class, (3) the proposed order, and (4) must identify any agreement regarding attorneys' fees. [Rule 3.769(b) and (c).]

If the trial court grants preliminary approval of a settlement, Rule 3.769(f) requires the court to (1) schedule a final approval hearing and (2) approve the method by which the parties are to provide notice to the class of the hearing and "an explanation of the proposed settlement." The court must also approve a procedure for class members to file objections to the settlement. [Rule 3.769(f).] At the final approval hearing, the court must conduct an inquiry into the fairness of the proposed settlement. [Rule 3.769(g).]

Although Rule 3.769 does not provide detail as to the scope of review of the proposed settlement, preliminary approval is warranted if the settlement falls within a "reasonable range." [*See North Cnty. Contractor's Ass'n, Inc. v. Touchstone Ins. Servs.*, 27 Cal. App. 4th 1085, 1089–90 (1994); Conte & Newberg, *Newberg on Class Actions*, § 11.26 (4th ed. 2002) ("Newberg").] Reasonableness and fairness are presumed where: (1) the settlement is reached through "arms-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." [*Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794, 1802 (1996).] The presumption of fairness is consistent with California's public policy goal of favoring settlements. [*Stambaugh v. Super. Ct.*, 62 Cal. App. 3d 231, 236 (1976) ("the law wisely favors settlements"); *Cellphone Termination Fee Cases*, 180 Cal. App. 4th at 1118 ("public policy generally favors the compromise of complex class action litigation"); *7-Eleven Owners for Fair Franchising v. Southland Corp.*, 85 Cal. App. 4th 1135, 1151 (2000) ("voluntary conciliation and settlement are the preferred means of dispute resolution . . . [t]his is especially true in complex class action litigation").]

In reviewing the fairness of a class action settlement, due regard should be given to what is "otherwise a private consensual agreement between the parties." [*Cellphone Termination Fee Cases*, 186 Cal. App. 4th at 1389.] 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.*]

2. Plaintiff's Counsels Conducted a Thorough Investigation of the Factual and Legal Issues and Objectively Assessed the Settlement's Reasonableness.

By engaging in an investigation and evaluation of Plaintiff's claims, Plaintiff's Counsels can opine that the Settlement, for the consideration and on the terms set forth in the Agreement, is fair, reasonable, and adequate, and is in the best interests of the Class Members in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation, and various defenses asserted by Defendants. [Jackson Decl. ¶¶ 3-29.]

Prior to the outset of the litigation, Plaintiff's provided Plaintiff's Counsels with detailed accounts of their experience working for Defendants and the circumstances that gave rise to the alleged Labor Code violations. In addition to informing Plaintiff's Counsels' initial evaluation of the lawsuit, the information that Plaintiff's provided also influenced Plaintiff's Counsels discovery efforts. [Jackson Decl. ¶¶ 3-10.]

Plaintiff's Counsels interviewed Plaintiff's who provided accounts of their own experiences, which enabled Plaintiff's Counsels to understand the theories explaining the respective frequencies of the alleged violations and informing their interpretation of the data and records produced and to learn more about the day-to-day circumstances giving rise to the alleged violations. [Jackson Decl. ¶ 3.] Overall, Plaintiff's Counsels performed a searching investigation into the claims at issue, which included: (1) determining Plaintiff's suitability as class representatives through interviews, background investigations, and analyses of their employment files and related records; (2) researching similar wage and hour class actions as to the claims brought, the nature of the positions, and the type of employer; (3) analyzing a sample of class member time and wage records; (4) analyzing Defendants' labor policies and practices; (5) researching settlements in similar cases; (6) researching Plaintiffs' novel theories of liability; (7) interviewing Plaintiffs regarding their alleged claims; (8) evaluating Plaintiffs' claims and estimating Defendants' liability for purposes of settlement; (9) drafting the mediation brief; and (10) participating in the mediation. [Jackson Decl. ¶ 8.]

3. The Settlement Was Reached Through Arm's-Length Bargaining in Which All Parties Were Represented by Experienced Counsel.

"[W]hat transpires in settlement negotiations is highly relevant to the assessment of a proposed settlement's fairness." [*State v. Levi Strauss & Co.*, 41 Cal. 3d 460, 482 (1986).] Courts presume the absence of fraud or collusion in the negotiation of a settlement, unless evidence to the contrary is offered; thus, there is a presumption that settlement negotiations are conducted in good faith. [Newberg, § 11.51.]

On June 8, 2023, the Parties participated in a mediation with mediator Todd A. Smith, Esq., who helped manage the Parties' expectations and provided a useful, neutral analysis of the issues and risks to both sides. [*In re Apple Computer, Inc. Derivative Litig.*, No. C 06-4128 JF (HRL), 2008 U.S. Dist. LEXIS 108195 (N.D. Cal. Nov. 5, 2008) (mediator's participation weighs considerably against any inference of a collusive settlement); *D'Amato v. Deutsche Bank*, 236 F.3d 78, 85 (2d Cir. 2001) (same).] At all times, the Parties' negotiations were adversarial and non-collusive. At the conclusion of the mediation, Mediator Smith continued the negotiations for months that ultimately resulted in the resolution of this case byway of a mediator's proposal. The Parties subsequently reached a settlement in principal and executed a long form settlement agreement. [Jackson Decl. ¶ 7.]

Experienced class action counsel represented both Parties throughout the case and settlement negotiations. Plaintiff is represented by Armond M. Jackson and Andrea Fernandez-Jackson of Jackson APC, who regularly litigate wage and hour claims through certification and on the merits and have considerable experience settling wage and hour class actions. [Jackson Decl. ¶¶ 30-31] Defendants are represented by counsel of O'Hagan Meyer, LLP which frequently serves as defense counsel in class and PAGA wage and hour actions.

4. The Proposed Settlement Is Reasonable Given the Strengths of Defendants' Defenses and the Risks and Expense of Continued Litigation.

In seeking approval, a settling party must provide sufficient information to "enable the court to make an independent assessment of the adequacy of the settlement terms." [*Kullar v. Foot Locker Retail, Inc*., 168 Cal. App. 4th 116, 131-32 (2008).] However, "[i]t is well-settled law that a cash settlement amounting to only a fraction of the potential recovery will not per se render the settlement inadequate or unfair." [*See Officers for Justice v. Civ. Serv. Comm'n of City & Cnty. of San Francisco*, 688 F.2d 615, 628 (9th Cir. 1982).] "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 625.] "Estimates of a fair settlement figure are tempered by factors such as the risk of losing at trial, the expense of litigating the case, and the expected delay in recovery (often measured in years)." [*In re Toys "R" Us - Delaware, Inc. - Fair & Accurate Credit Transactions Act (FACTA) Litig*., 295 F.R.D. 438, 453 (C.D. Cal. 2014).] In other words, in valuing the claims within a realistic *range* of outcomes, the settling plaintiff should discount the value of the settled claims for risks such as changes in the law, the probability of success, and other factors.[4]

Settling parties are not however required to partake in a hypothetical accounting exercise: "*Kullar* does not . . . require any such explicit statement of [maximum] value; it requires a record which allows 'an understanding of the amount that is in controversy and the realistic range of outcomes of the litigation.'" [*Munoz v. BCI Coca-Cola Bottling Co.*, 186 Cal. App. 4th 399, 409-10 (2010) (*quoting Kullar*, 168 Cal.

[4] Federal district courts also recognize that there is an inherent "range of reasonableness" in determining whether to approve a settlement "which recognizes the uncertainties of law and fact in any particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion." [*Id.* at 188 (*quoting Newman v. Stein*, 464 F.2d 689, 693 (2d Cir.)). *See Nat'l Rural Telecomm. Co-op. v. Directv, Inc*., 221 F.R.D. 523, 527 (C.D. Cal. 2004) ("well settled law that a proposed settlement may be acceptable even though it amounts to only a fraction of the potential recovery").

App. 4th at 120.] Overall, the most important factor in determining whether a settlement is fair and reasonable is the strength of the case for plaintiffs on the merits balanced against the amount offered in the settlement. [*Id.* at 409 n.6 (quoting *Kullar*, l 68 Cal. App. 4th at 130).]

Based on the information and evidence provided by Defendants in informal discovery, the analysis of the time data and pay data, and Plaintiff's Counsels' own independent investigation, Plaintiff's Counsel determined an appropriate range of recovery for settlement purposes by offsetting Defendants' maximum theoretical exposure by: (i) the strength of Defendants' affirmative defenses; (ii) the risk of losing a motion for class certification on some or all of the claims; (iii) the risk of the Court finding that a class and PAGA trial would be unmanageable;[5] (iv) the risk of losing on various dispositive or quasi-dispositive motions that Defendants would bring before trial (*e.g.*, motion to strike class and representative allegations, motion to decertify a class action, and/or motions for summary judgment) which may eliminate all or some of Plaintiff's claims, or bar evidence necessary to prove such claims; (v) the risk of losing some or all of the claims at trial; (vi) the chances a Court may find Defendants did not willfully refuse to pay discharged or terminated employees (*i.e.*, a good faith dispute existed) under Cal. Lab. Code section 203; (vii) the chances a Court may find Defendants did not willfully and intentionally refuse to comply (*i.e.*, not a knowing and intentional failure) with the wage statement requirements under Cal. Labor Code section 226(e); (viii) the chances of the Court exercising its discretion to reduce PAGA penalties (*see* Cal. Lab. Code section 2699(e)); (ix) the delay in payment to class members due to years of protracted litigation in certifying a class, obtaining a favorable verdict at trial, upholding that verdict on appeal, and administering class notice and payments to the class at that later stage instead of now; (x) the chances of a favorable verdict being reversed on appeal; and (xi) the difficulties attendant to collecting on a judgment (collectively, the "Discount Factors"). [Jackson Decl. ¶ 10.]

Based on the preceding and considering the aggregate value of the claims, Plaintiff's Counsel valued the claims for settlement purposes at $852,223.50. [*Id.*] It must be underscored, however, that the reasonableness of a settlement is not dependent upon its actual value approaching the potential recovery Plaintiff might have received had they succeeded at trial. Indeed, "[t]he determination whether a

[5] Although the recent case of *Estrada v. Royalty Carpet Mills, Inc.* held that PAGA claims may not be stricken on grounds of manageability, it left "undisturbed various case management tools designed to ensure that these cases are efficiently, fairly, and effectively tried." *Estrada v. Royalty Carpet Mills, Inc.* (2024) 15 Cal. 5th 582, 620. Indeed, the Court observed, "[i]f a plaintiff alleges widespread violations of the Labor Code by an employer in a PAGA action but cannot prove them in an efficient manner, it does not seem unreasonable for the punishment assessed to be minimal." *Id.* at 619.

settlement is reasonable does not involve the use of a 'mathematical equation yielding a particularized sum.'" [*Frank v. Eastman Kodak Co.*, 228 F.R.D. 174, 186 (W.D.N.Y. 2005) (quoting *In re Michael Milken and Assoc. Sec. Litig.*, 150 F.R.D. 57, 66 (S.D.N.Y. 1993)).]

i. Data and Range of Damages

Review of the time and pay data for the sampling revealed the following: (1) approximately 12,982 workweeks from February 10, 2018 to May 31, 2023. The following is a table of potential damages:

Claim	**Reasonable Expectation of Damages and Penalties**
Failure to Provide Meal Breaks	$105,042
Failure to Provide Rest Breaks	$35,014
Failure to Pay Wages	$175,070
Failure to Provide Accurate Wage Statements and Maintain Records	$143,225
Waiting Time Penalties	$70,560
Business Expense Reimbursement Violations	$31,262.50
Remaining PAGA Penalties Not Incorporated in Evaluation	$292,050
TOTAL	$852,223.50

[Jackson Decl. ¶¶ 10-26.]

ii. Unpaid Wage Claims

Based on Plaintiff's experiences and discussion with other employees, Plaintiff alleges that off-the-clock shift activities resulted in unpaid wages. [Jackson Decl. ¶¶ 16-19.]

Employees are entitled to be paid for all "hours worked." [*See Morillion v. Royal Packing Co.* (2000) 22 Cal. 4th 575, 582 ("hours worked" means the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.).] California Labor Code sections 1194, 1197, 1197.1, and 510 and the applicable Wage Orders mandate that employees must be compensated for all hours worked at minimum wage or greater, or at an overtime rate of 1.5 times the regular rate of pay for hours worked in excess of 8 in a workday or 40 in a workweek.

In this case, common proof of unpaid minimum and overtime wages for "off-the-clock" work could be difficult given the risks of certification as well as to demonstrate at trial for purposes of finding class-wide liability and damages. As with the preceding claims, Plaintiff had to discount the value of the minimum wage and overtime claim to account for the risks of continued litigation and the strengths of Defendants' affirmative defenses. [*Id.*]

For example, Defendants will simply argue that: (i) they had compliant policies that appropriately paid employees for all hours worked; (ii) that Plaintiff will not be able to present any evidence of a company-wide, uniform policy requiring employees to work off-the-clock; and (iii) it cannot be held liable because it did not know employees were actually performing work off-the-clock work. [*Brinker*, 53 Cal. 4th at 1017 ("[w]ith respect to the third contested subclass, covering allegations that employees were required to work "off-the-clock," no evidence of common policies or means of proof was supplied, and the trial court therefore erred in certifying a subclass"); *see also Garcia v. Sun Pacific Farming Co-op.*, No. CV F 06-0871 LJO TAG, 2008 U.S. Dist. LEXIS 111969 (E.D. Cal. May 14, 2008) (denying motion for class certification of state wage and hour law and other claims allegedly resulting from owed wages).] [*Id.*]

Furthermore, although employees are permitted to arrive early at the job site, Defendants will argue that Atrium policies align with those in the *See's Candy Shops, Inc.* matter in that employees were expressly prohibited from working, when on premises before and after their scheduled shift, but allowed to pursue personal activities. [*See, e.g.*, *See's Candy Shops, Inc. v. Super. Ct.* (2012) 210 Cal. App. 4th 889, 907 (Court found employees were not subject to control of employer for time spent on employer's premises prior to the start of a shift, even when clocked in, because employer prohibited employees from performing any work before scheduled start time and employees were free to pursue any personal activities during that time before a shift.)]

Upon analysis, the unpaid wage claims were valued at $175,070 when applying risk factors. [*Id.*] Based on certain Discount Factors (*i.e.*, lack of common evidence such as express policies and customer deadlines), the lack of documentary evidence, and Defendants' ability to potentially garner numerous declarations in support of its defense to this claim, Plaintiff's discount is reasonable. [*Id.*]

iii. Meal and Rest Period Claims

An employer's only obligation is to provide meal periods and authorize and permit rest periods, not to police its employees to ensure that they take their lunches and breaks. (*See Brinker, supra*, 53 Cal. 4th at 1028, 1034.)

Plaintiff alleges that Defendants understaffed shifts and scheduled meal periods such that employees did not take their meal periods within the first five hours of a shift, took meal breaks that were less than thirty minutes, or did not take a meal period at all, on some occasions. Similarly, Plaintiff alleges employees were not authorized to take rest periods due to understaffing.

Although Defendants' time records may create a rebuttable presumption that it did not provide meal periods on those occasions, in compliance with California law, *see, e.g., Donahue v. AMN Services, LLC* (2021) 11 Cal.5th 58, other evidence could rebut the presumption or minimize the potential value of the claims.

Defendants will argue that they had compliant meal and rest break policies and did provide their employees with complete and compliant meal periods and rest breaks, which could undermine any claim of a systemic pattern or practice of failing to provide meal periods since employees choose to take them a few minutes late or short on their own volition at other times. Furthermore, since California employees are not required to record their rest period times, this claim may present difficulties when proving the extent of any rest break violations.

In conclusion, it was analyzed that meal break and rest break exposure amounted to $140,056 after applying risk factors. [Jackson Decl. ¶¶ 12-15.]

iii. Reimbursement Claim

Plaintiff alleged itself anaggrieved employees and class members were subjected to California Labor Code section 2802 violations for failure to reimburse class members and aggrieved employees. (*See* Cal. Lab. Code section 2802.) It was estimated that exposure amounts to $31,262.50 after applying risk factors. [Jackson Decl. ¶ 26.]

iv. Wage Statement and Records Claims

Plaintiff alleges that Defendants failed to provide Plaintiff with timely and accurate wage statements as a derivative claim of the foregoing allegations for failure to provide breaks and pay for all hours worked. [Jackson Decl. ¶¶ 20-24]

Labor Code section 226 requires that employers provide wage statements that accurately set forth a variety of items including, but not limited to, gross wages earned, total hours worked, deductions, net wages earned, the periods of employment, and hourly rates and corresponding number of hours at each rate. Labor Code section 226 further provides, in relevant part:

> (2)(B) An employee is deemed to suffer injury for purposes of this subdivision if the employer fails to provide accurate and complete information as required by any one or more of items (1) to (9), inclusive, of subdivision (a) and the employee

> ***cannot promptly and easily determine*** from the wage statement alone one or more of the following:
>
> (i) The ***amount of the gross wages or net wages*** paid to the employee during the pay period or any of the other information required to be provided on the itemized wage statement pursuant to ***items (2)*** to (4), inclusive, (6), and (9) of subdivision (a) . . .
>
> (C) For purposes of this paragraph, ***"promptly and easily determine" means*** a reasonable person would be able to readily ascertain the information without reference to other documents or information.

Defendants provided wage statements with the itemized information, as required under Cal. Lab. Code section 226, to its employees, including Plaintiff, on a bi-weekly basis. This claim is therefore derivative of the claims set forth above – Plaintiff alleges that Class Members' wage statements were not accurate because they allegedly were not paid an additional hour of pay when they were not provided meal and rest periods and were not paid for all hours worked. [*Id.*]

It was analyzed that the potential wage statement violations based upon wage violations and meal break or rest break violations amounted to $143,225 after applying risk factors. [*Id.*]

v. Waiting Time Penalties

This claim is based on Plaintiffs' allegations that an extra hour of pay was not provided when meal or rest breaks were not provided, and that Employees were not paid all minimum and overtime premium wages. It was analyzed that, during the Class Period, the waiting time penalties that Class Members could potentially be entitled to amounted to $70,560 after applying risk factors [Jackson Decl. ¶ 25.]

5. The Settlement Amount Is Fair and Reasonable Compensation for the Class

As the above analysis shows, Plaintiffs' Counsels objectively and knowledgably balanced the strengths and weaknesses of the claims against the strengths of Defendants' defenses and the risk of continued litigation, and were able to determine the realistic range of settlement recovery of $852,223.50. Therefore, in this case, the settlement value of $150,000 falls well within the range of reasonableness, and is thus fair, adequate, and reasonable.

B. The Proposed Notice Properly Informs Class Members About the Settlement.

Class members are entitled to the best practical notice under the circumstances. [*Kass v. Young*, 67 Cal. App. 3d 100, 106 (1977).] The purpose of the notice is to give class members sufficient information to decide whether to accept the benefits offered, opt out and pursue their own remedies, or object to the settlement. [*Trotsky v. Los Angeles Fed. Savings & Loan Ass'n*, 48 Cal. App. 3d 143, 151–52 (1975).] The notice must advise class members "that they may be excluded from the class if they so request and that they will be bound by the judgment, whether favorable or not, if they do not request exclusion." [*Kass*, 67 Cal. App. 3d at 106.] In a case such as this involving a significant number of class members, California authorities generally require service of the class notice by mail or similar reliable means. [*Chance v. Super. Ct.*, 58 Cal. 2d 275, 290 (1962); *Cartt v. Super. Ct.*, 50 Cal. App. 3d 960, 972 (1975).][6]

No later than ten (10) days after the Preliminary Approval Date, Defendants will provide the Settlement Administrator with a "Class List" in electronic format based on its business records, identifying the names of the Class Members, their last known home addresses, Social Security numbers or, as applicable, other taxpayer identification number, their dates of employment, weeks worked during the Class Period, and weeks worked during the PAGA Period. Within three (3) business days of receiving a Class List from Defendants, the Settlement Administrator will provide the number of Class Members and Workweeks in the Class Data. Within fourteen (14) days of receiving a Class List from Defendants, the Settlement Administrator will send Class Members, by first-class mail, at their last known address, the Court-approved Notice Packet, including notice of this Settlement and of the opportunity to opt out of or object to the Settlement Class. The Notice Packet will include a calculation of the Class Member's approximate share of the Net Settlement Amount. Class Members will have forty-five (45) days from the date of mailing in which to postmark objections or requests for exclusion. Prior to the initial mailing, the Settlement Administrator will check all Class Member addresses against the National Change of Address database and shall update any addresses before mailing. The Settlement Administrator will skip trace and re-mail all returned, undelivered mail within three (3) business days of receiving notice that a Notice Packet was undeliverable. If a Class Member's notice is re-mailed, the Class Member shall have fifteen (15) calendar days from the re-mailing, or forty-five (45) calendar days from the date of the initial mailing, whichever is later, in which to postmark objections or requests for exclusion. [Jackson Decl., ¶ 2, Ex. A, Section 6.] This method is designed to maximize the Class Member response rate while ensuring cost

[6] Due process does not require that each class member actually receive a notice, but rather a procedure reasonably certain to reach class members. [Wright, A. Miller & M. Kane, *Federal Practice and Procedure* § 1789, at 253 (2d ed. 1986).]

effective administration of the settlement. In past cases, similar notice methods to class members have resulted in strong response rates. Accordingly, both the method of disseminating the Class Notice and content of the Class Notice satisfy due process and the requirements of California law. [*See* C.R.C. 3.776(e)-(f); *State of Cal. v. Levi Strauss*, 41 Cal. 3d 460, 485 (1986) (The class notice must "fairly apprise the class members of the terms of the proposed compromise and of the options open to dissenting class members.").]

The Parties' Proposed Class Notice is provided for the Court's review as Exhibit A to the Agreement.

C. The Court Should Preliminarily Approve the Enhancement Payments.

Enhancement payments (identified in the Settlement as "Incentive Awards") "are fairly typical in class action cases." [*Cellphone Termination Fee Cases*, 186 Cal. App. 4th 1380, 1393 (2010) (affirming incentive awards of $5,000.00); *Rodriguez v. West Publ'g Corp.*, 563 F.3d 948, 958 (9th Cir. 2009), citing 4 Newberg on Class Actions (4th ed. 2002) § 11:38, and Eisenberg & Miller, *Incentive Awards to Class Action Plaintiff: An Empirical Study*, 53 UCLA L. Rev. 1303 (2006).] Enhancement payments "are intended to compensate class representative for work done on behalf of the class, to make up for financial or reputational risk undertaken in bringing the action, and, sometimes, to recognize their willingness to act as a private attorney general." [*Rodriguez*, 563 F.3d at 958–59; *see also Clark v. Am. Residential Servs., LLC*, 175 Cal. App. 4th 785 (2009).]

Subject to Court approval, therefore, the Settlement provides for an Incentive Award of $5,000.00 for Plaintiff Ms. Lopez. The enhancement payment is fair and reasonable compensation for Plaintiff's efforts in representing the putative Class and the interests of the State of California, for assisting Plaintiff's Counsels with the litigation, at mediation, and settlement, regularly conferring with Counsels on the status of the case and the strategies for prosecuting the claims, reviewing the proposed settlement to ensure that its terms are fair and provide adequate relief for the Settlement Class. [Declaration of Plaintiff, ¶¶ 1-7.]

Plaintiff will file a motion seeking award of the negotiated Incentive Award if preliminary approval of the Settlement is granted. Plaintiff respectfully submits that the above showing is sufficient for preliminary approval of the Incentive Awards.

D. The Court Should Preliminarily Approve the Negotiated Attorneys' Fees and Costs.

The purpose of an attorneys' fee award in class action litigation is to reward counsel who took the risk of non-payment and invested in a case that achieved a substantial positive result for the class.

Plaintiff will seek Court approval of attorneys' fees of $49,995 which is one-third of the Gross Settlement Amount, and reasonable and necessary litigation costs and expenses according to proof at the time of the Final Approval Hearing.

California courts routinely award attorneys' fees equaling one-third or more of the potential value of the common fund. *See Chavez v. Netflix, Inc.* 162 Cal. App. 4th 43, 66 n. 11 (2008) ("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."); Theodore Eisenberg & Geoffrey P. Miller, *Attorney Fees and Expenses in Class Action Settlements: An Empirical Study*, 1 J. of Empirical Legal Studies, Issue 1, 27-78, at 35 (March 2004) (independent studies of class action litigation nationwide have come to a similar conclusion that a one-third fee is consistent with market rates). At final approval, Class Counsel will fully brief the merits of its request for attorneys' fees and costs.

E. California Law Authorizes Provisional Certification for Settlement Purposes.

1. The California Standard for Class Certification

Class actions are statutorily authorized "when the question is one of common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court." [Cal. Civ. Proc. Code § 382; *Lee v. Dynamex, Inc.*, 166 Cal. App. 4th 1325, 1332 (2008).] Class certification is appropriate when there is an "ascertainable class and a well-defined community of interest among class members." [*Sav-On Drug Stores, Inc. v. Super. Ct.*, 34 Cal. 4th 319, 326 (2004).] Class treatment is appropriate even if class members at some point may be required to make an individual showing as to eligibility for recovery. [*Bufil v. Dollar Fin. Grp., Inc.*, 162 Cal. App. 4th 1193, 1207 (2008); *Sav-On*, 34 Cal. 4th at 333.]

2. The Proposed Settlement Class is Ascertainable, and There is a Well-Defined Community of Interest Among Class Members.

Whether a class is "ascertainable" within the meaning of Section 382 is "determined by examining (1) the class definition, (2) the size of the class, and (3) the means available for identifying class members." [*Lee*, 166 Cal. App. 4th at 1334.] Class members are ascertainable where they may be readily identified without unreasonable expense or time by reference to official records. [*Id.*] The community of interest requirement embodies three factors: (1) predominant common questions of law or fact; (2) a class representative with claims or defenses typical of the class; and (3) a class representative and counsel who can adequately represent the class. [Cal. Civ. Proc. Code § 382.] Expounding on the element of predominance, the California Supreme Court noted that the "ultimate question" is whether "the issues which may be jointly tried, when compared with those requiring separate adjudication, are so numerous or substantial that the maintenance of a class action would be advantageous to the judicial process and to the litigants." [*Brinker*, 53 Cal. 4th at 1021-22.]

The proposed Settlement Class consists of all current and former non-exempt employees employed by Atrium in California at any time during the Class Period, which is February 10, 2018 to May 31, 2023. Atriums' payroll records will determine the Class Members because all Class Members are either current or former employees of Atrium and, therefore, the Class is readily ascertainable from Atriums' regular business records.

Conditional certification of the proposed group of Class Members is warranted here given the relatively relaxed standard for certification at the preliminary approval stage. [*See Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794 (1996) (courts can apply a "lesser standard of scrutiny" for class certification in settlement cases).][7] In *Dunk*, the California Court of Appeal specifically rejected the argument that the standard for certifying a class for purposes of settlement is identical to the standard for certifying the same class for purposes of litigation; instead, the *Dunk* Court provided that the California Rules of Civil Procedure, Rule 23 allows for "a lesser standard of scrutiny for settlement cases." [*Id.* at n.19.]

Here, the California statutes relating to Plaintiff's claims apply to all Class Members. Plaintiff's contend that Defendants' policies and practices apply class-wide, and liability can be determined by facts common to all Class Members, *i.e.*, common policies or de facto common practices that deny Class Members' meal and rest periods, and pay for all wages. The wage and hour issues are numerous and substantial, and a class action is the most advantageous method of resolving the claims of the Class via settlement. For example, Plaintiff contends that their meal and rest period claims are readily certifiable because whether Defendants' policies and practices violate the law "is by its nature a common question eminently suited for class treatment." [*Brinker*, 53 Cal. 4th at 1033; *see Faulkinbury v. Boyd & Assocs., Inc.*, 216 Cal. App. 220, 237 (2013) ("[Defendant's] liability, if any, would arise upon a finding that its uniform rest break policy, or lack of policy, was unlawful."); *Benton v. Telecom Network Specialists, Inc.*,

[7] *See also* Newberg on Class Actions § 13:18 (5th ed.) (Courts "declin[e] to treat formal class certification as a prerequisite for preliminary approval and undertak[e] a more cursory class certification analysis at the preliminary approval stage.") (*citing, e.g.*, *Dearaujo v. Regis Corp.*, No. 2:14-CV- 01408-KJM-AC, 2016 WL 3549473, at *6 (E.D. Cal. June 30, 2016) ("[D]espite the Supreme Court's cautions in *Amchem* . . . , a cursory approach appears the norm.").)

200 Cal. App. 4th 701 (2013) (reversing denial of class certification and remanding where employer failed to adopt any policy authorizing and permitting meal and rest breaks).]

Plaintiff also contends their wage and hour claims are typical of the proposed group of Class Members because they arise from the same factual basis and are based on the same legal theories applicable to the Class. Likewise, Plaintiff's interests are coextensive with the interests of the Class and they allege that they were injured by the same company-wide practices to which the proposed Settlement Class was subject and seeks the same relief. Plaintiff has already demonstrated their ability to advocate for the interests of the Class by initiating this litigation and evaluating the fairness of the proposed settlement.

Additionally, Plaintiff is represented by competent counsel who has extensive experience in litigating wage and hour class action cases. [Jackson Decl. ¶¶ 30-31] Plaintiff's Counsels has successfully briefed, argued, certified, and gained state court settlement approval of the same or similar class-wide causes of action that are at issue in this case. Plaintiff's Counsels' wage and hour class action expertise establishes that they are well qualified to represent the interests of this Class. [*Id.*] A class action is superior to a multitude of individual lawsuits. Given the size and amount of each individual Class Member's claim, Class Members likely have little incentive to litigate their claims on an individual basis because the out-of-pocket expense and personal commitment necessary to litigate each claim outweighs any potential recovery. In sum, class treatment for settlement approval purposes is superior to individual, case-by-case adjudication.

IV. CONCLUSION

The Parties have negotiated a fair, reasonable settlement and presented the required for preliminarily approval, and as such, request that the Court preliminarily approve the settlement.

Dated: April 2, 2025

JACKSON APC

By: */s/ Armond M. Jackson*

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