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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN FRANCISCO

HECTOR JAVIER PEREZ JIMENEZ, individually, and on behalf of all others similarly situated, Plaintiff, vs. ALBECO, INC., a California corporation dba MOLLIE STONE'S MARKETS; and DOES 1 through 10, inclusive, Defendants.	Case No.: CGC-24-619292 REPRESENTATIVE ACTION **PLAINTIFFS' NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT** [Filed with (1) the Declaration of Kane Moon, (2) the Declaration of Jodey Lawrence, (3) the Declaration of Plaintiff Hector Javier Perez Jimenez, (4) the Declaration of Plaintiff Maria Nora Montalvo (5) [Proposed] PAGA Approval Order, and (6) [Proposed] Judgment] PAGA APPROVAL HEARING: Date: July 30, 2026 Time: 9:00 a.m. Dept.: 302 Judge: Hon. Joseph M. Quinn Action filed: October 25, 2024 Trial date: Not set

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TO THIS HONORABLE COURT, TO ALL PARTIES, AND TO COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on July 30, 2026, at 9:00 a.m. in Department 302 of the San Francisco County Superior Court, 400 McAllister Street, San Francisco, California 94012-4514, Plaintiff Hector Javier Perez Jimenez ("Plaintiff Jimenez") and Plaintiff Maria Nora Montalvo ("Plaintiff Montalvo", together with Plaintiff Jimenez, the "Plaintiffs") will, and hereby do, moves the Court for an Order and Judgment, pursuant to California Labor Code sections 2698, *et seq.*, as follows:

1. Approving the PAGA Settlement Agreement ("Settlement") between Plaintiffs and Defendant Albeco, Inc., dba Mollie Stone's Markets;
2. Approving the requested PAGA Counsel Fees Payment of $160,000.00;
3. Approving the requested PAGA Counsel Litigation Expenses Payment of $40,405.35;
4. Approving Enhancement Awards of $7,500.00 to each Plaintiff for their services in support of the Action and risks they undertook;
5. Appointing Phoenix Class Action Administration Solutions as the Administrator and approving a $7,950.00 as the Administration Expenses Payment;
6. Approving the scope of the Released PAGA Claims and Released Parties;
7. Approving a non-reversionary Gross Settlement Amount of $480,000.00;
8. Approving approximately $256,644.65 for PAGA Penalties as settlement of the Released PAGA Claims, to be distributed as 75% ($192,483.49 to the LWDA) and 25% ($64,161.16 to Aggrieved Employees);
9. Directing consummation of the Settlement pursuant to its terms and provisions;
10. Entering Judgment and dismissing the above-captioned action with prejudice; and
11. Retaining jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing the Settlement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

This Motion is based upon this notice, the attached Memorandum of Points and Authorities, the declarations and exhibits filed concurrently herewith, the records and files in this action, and any other further records or argument that the Court may properly receive at or before the hearing.

As this Motion is unopposed, the Parties respectfully request relief from the page limit requirement set by California Rules of Court, Rule 3.1113(d).

Respectfully submitted,

DATED: June 30, 2026

MOON LAW GROUP, PC

By:____________________________________

Kane Moon
Allen Feghali
S. Phillip Song
Morgan W. Simpson

DATED: June 30, 2026

BIBIYAN LAW GROUP, PC

By: /s/ *David Bibiyan*

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Hector Javier Perez Jimenez ("Plaintiff Jimenez") and Plaintiff Maria Nora Montalvo ("Plaintiff Montalvo", together with Plaintiff Jimenez, the "Plaintiffs") seek approval of a non-reversionary $480,000.00 gross settlement of claims for civil penalties alleged pursuant to the California Private Attorneys General Act, Labor Code sections 2698, *et seq.* ("PAGA"). After a full day of mediation with experienced and neutral mediator Steve Rottman, Esq., and extended settlement negotiations, Plaintiffs reached a resolution with Defendant Albeco, Inc., dba Mollie Stone's Markets ("Defendant") (collectively, Plaintiffs and Defendant are the "Parties"). The Parties have executed a PAGA Settlement Agreement (the "Settlement"), a true and correct copy of which is attached as **Exhibit 1** to the Declaration of Kane Moon in Support of Motion for Approval of PAGA Settlement ("Moon Decl.") submitted concurrently herewith. Pursuant to Labor Code section 2699(s)(2), Plaintiffs now file this motion seeking an order approving the proposed Settlement.

The Settlement resolves all claims for civil penalties under PAGA that arose during the PAGA Period and that were alleged in the above-captioned matter ("Action"). (Settlement, ¶ 1.27.) For purposes of settlement, the "PAGA Period" is October 25, 2023, through December 31, 2025. (*Id.* at ¶ 1.23.) This Settlement is on behalf of the California Labor and Workforce Development Agency (the "LWDA"), Plaintiffs, and all current and former non-exempt, hourly-paid employees of Defendant who worked in California at any time during the PAGA Period ("Aggrieved Employees"). (*Id.* at ¶ 1.4.) The Parties, PAGA Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Court's approval of the Settlement. (Moon Decl., ¶ 22.)

Settlement of a PAGA claim requires court approval. Pursuant to the operative PAGA statute, the "court shall review and approve any penalties sought as part of a proposed settlement agreement pursuant to this part." (Lab. Code § 2699(s)(2).) In deciding whether to grant approval of a proposed settlement, the primary issue to be decided is whether the settlement is fair, adequate, and reasonable. Specifically, the issue is whether the PAGA penalties to which the parties have agreed provide "genuine and meaningful" relief that is "consistent with the underlying purpose of the statute to benefit the public," and whether the penalties are reasonable in light of the potential verdict value in this case. (*Villalobos v. Calandri Sonrise Farm LP* (C.D. Cal. July 22, 2015) No. CV 12-2615 PSG (JEMx), 2015 WL 12732709, at *5; *see also O'Connor v. Uber Techn., Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1135.)

As set forth herein, the proposed Settlement embodies all the features of a settlement that is fair, adequate, and reasonable, as (1) it is the product of an arm's-length negotiation, (2) negotiated by attorneys experienced in wage and hour litigation, (3) following sufficient investigation necessary to evaluate the relative strength and value of the PAGA claims, and (4) reflects a reasoned compromise based directly on the relative strength and value of the PAGA claims, as well as the risks, expense, complexity, and likely duration of further litigation.

The meaningful value achieved by the Settlement at issue may be gleaned from the fact that the LWDA and the estimated **793** Aggrieved Employees will, cumulatively, receive approximately **$256,644.65** as PAGA Penalties. (Moon Decl., ¶ 19.) This is a significant recovery, not only because further litigation may have resulted in a net-zero recovery based on the facts of the case and defenses asserted by Defendant, but also because an investigation by experienced PAGA counsel and analysis of discovery revealed minimal identifiable violations, the discretionary nature of awarding PAGA penalties, and the risk of not being able to proceed on a representative basis at all due to the potential manageability issues and current state of the law. For these reasons, as set forth more fully below, Plaintiffs respectfully request the Court enter the proposed order and proposed judgment submitted concurrently herewith.

II. SUMMARY OF THE LITIGATION AND SETTLEMENT

A. Plaintiffs' Claims and Procedural Background

Defendant is a supermarket chain doing business in the State of California. (Moon Decl., ¶ 4.) Throughout their employment, Plaintiffs were classified as non-exempt and paid on an hourly basis. (*Id.*) Plaintiffs contend that they and their former coworkers were subjected to the same or similar unlawful labor practices during their employment by Defendant, including failure to pay all wages. (*Id.*)

Plaintiffs' claims for unpaid wages stems from allegations of Defendant's failure to pay employees all minimum, overtime pay, and regular rate wages owed, including due to Defendant's failure to compensate employees for off-the-clock work and Defendant's failure to incorporate all remunerations into the regular rate of pay. (Moon Decl., ¶ 5.) Plaintiffs' meal and rest period claims are based on allegations that due to the nature of their work and Defendant's employment practices, employees regularly experienced missed, untimely, or interrupted breaks, and that Defendant failed to provide any premiums for non-compliant rest breaks or all premiums for non-compliant meals. (*Id.*) Plaintiffs also allege that Defendant failed to reimburse employees for all reasonable and necessary business expenses incurred, including expenses incurred for the use of employees' personal cellphone and vehicles, and the purchase of specific items for work such as slip-resistant shoes and masks. (*Id.*) Plaintiffs further allege that they and other employees did not receive all wages owed at the time of termination nor accurate itemized wage statements due to Defendant's failure to pay all wages and premiums. (*Id.*) Accordingly, Plaintiffs allege Defendant is liable for civil penalties under PAGA. (*Id.*)

Pursuant to PAGA, Plaintiffs submitted notices[1] of the alleged Labor Code violations to the California Labor and Workforce Development Agency (the "LWDA"), with certified mail service on Defendant, and paid the required filing fee. (*Id.* at ¶ 6, Ex. 2.)

On October 25, 2024, Plaintiff Jimenez commenced a PAGA action under Cal. Lab. Code §§ 2698, et seq. (*Id.* at ¶ 7.) On September 5, 2024, Plaintiff Montalvo commenced a PAGA Action entitled "*Maria Nora Montalvo v. Albeco, Inc., et al.*" before the United States District Court, Northern District of California with Case No. 25-cv-00759-HSG. (*Id.*) On April 1, 2026, the Parties filed First Amended Representative Action Complaint ("FAC") in the Jimenez Action, adding Plaintiff Montalvo (the "Operative Complaint"). (*Id.*) Pursuant to Labor Code section 2699(s)(1), Plaintiffs subsequently submitted to the LWDA a file-stamped copy of the Operative Complaint

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[1] Plaintiff Jiminez's PAGA notice letter refers to "*Olga Longoria v. Albeco, Inc. dba Mollie Stone's Markets.*" Moon Law Group, PC ("MLG") originally represented Olga Longoria who brought a cause of action against Defendant on March 22, 2022 in the Superior Court of California, County of Santa Clara (Case No. 22CV395980) ("*Longoria*") for similar wage-and-hour labor code violations as alleged in this action. (Moon Decl. ¶ 6, n.1.) Ms. Longoria's PAGA notice was amended to identify Plaintiff Jiminez as a plaintiff. (*Id.*) During the litigation, Ms. Longoria passed away and *Longoria* was subsequently dismissed. (*Id.*)

containing the Court-assigned case number. (*Id.*) To date, the LWDA has not sought to intervene in this action. (*Id.*) The administrative exhaustion period under PAGA expired without the LWDA indicating any intent to investigate the allegations. (*Id.*) Accordingly, Plaintiffs are duly authorized to act as a private attorneys general with respect to the PAGA claims involved in this action. (*Id.*)

Defendant ardently opposes the merits of this case and denies Plaintiffs' factual allegations. (Moon Decl., ¶ 8.) Defendant argues all employees were properly paid for all hours worked and that it did not require or permit employees to work off-the-clock. (*Id.*) As for the regular rate claim, Defendant argues there was no issue with paying employees the proper regular rate of pay because any additional remuneration was discretionary and thus, not required to be incorporated into the regular rate of pay. (*Id.*) Defendant maintains all employees were provided with the opportunity to take all their code-compliant meal and rest breaks and that missed breaks, if any, were solely the result of employees' voluntary choice. (*Id.*) As for the unreimbursed business expenses, Defendant maintains it complied with all its reimbursement obligations. (*Id.*) To the extent employees received wage statements that were allegedly inaccurate, Defendant argues penalties are not warranted because employees suffered no actual damage or harm as a result. (*Id.*; *see, e.g.*, *Angeles v. U.S. Airways, Inc.* (N.D. Cal. Feb. 19, 2013) No. C 12–05860 CRB, 2013 WL 622032, at *10 ["A plaintiff must adequately plead an injury arising from an employer's failure to provide full and accurate wage statements, and the omission of the required information alone is not sufficient."].) Additionally, Defendant alleges its good-faith belief that it paid all wages precludes the imposition of waiting time penalties because Plaintiffs would be unable to show Defendant's alleged conduct was done willfully or knowingly. (Moon Decl., ¶ 8; *see, e.g.*, *Pedroza v. PetSmart, Inc.* (C.D. Cal. June 14, 2012) No. ED CV 11–298 GHK (DTBx), 2012 WL 9506073, *5.) For these reasons, Defendant claims it did not engage in any unfair business practices and denies liability under PAGA. (Moon Decl., ¶ 8.) Defendant also maintains the claims are not susceptible to proof on a representative basis because of the individualized and varying nature of each employee's experience, making this matter unmanageable. (*Id.*)

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

The Parties agreed to mediate the representative PAGA claims. (Moon Decl., ¶ 9.) The Parties engaged in informal discovery exchange prior to mediation. (*Id.*) Defendant provided information and documents, which enabled Plaintiffs' Counsel to meaningfully investigate Plaintiffs' allegations and assess the value of the PAGA claims. (*Id.*) Specifically, Defendant produced Plaintiffs' personnel file and their time and payroll records, documents regarding Defendant's written policies and practices in effect during the relevant period, and time and corresponding payroll records of other employees. (*Id.*) Defendant also gave relevant information regarding the number of Aggrieved Employees and the approximate number of PAGA Pay Periods worked. (*Id.*)

Prior to mediation, Plaintiffs' Counsel reviewed and analyzed all the information that Defendant produced, including the time/pay records and Defendant's written policies, in conjunction with information provided by Plaintiffs. (Moon Decl., ¶ 10.) Plaintiffs' Counsel retained an expert to analyze the time/pay records and prepare a damage analysis prior to mediation. (*Id.*) Further, Plaintiffs' Counsel investigated the applicable law regarding the claims and defenses asserted in this action. (*Id.*) Accordingly, Plaintiffs' Counsel were able to evaluate the probability of success on the merits and Defendant's monetary exposure. (*Id.*) In sum, Plaintiffs and their Counsels' familiarity with the facts of the case and the legal issues involved allowed them to act intelligently in negotiating the Settlement. (*Id.*)

C. <u>Settlement Negotiations</u>

On September 15, 2025, the Parties participated in a full day of private mediation facilitated by Steven Rottman, Esq., an experienced PAGA action mediator. (Moon Decl., ¶ 11.) The negotiations were at arm's length and although conducted in a professional matter, were adversarial. (*Id.*) Both sides went into the mediation willing to explore the potential for a settlement of the dispute, but they were also prepared to litigate their position through trial and appeal if a settlement had not been reached. (*Id.*) Negotiations were protracted, with extended discussions and instances in which it appeared the Parties would not reach a resolution. (*Id.*) Following a full discussion of the strengths and weaknesses of the claims and defenses, the Parties ultimately reached a resolution, the material terms of which are encompassed within the Settlement at issue. (*Id.*)

In reaching a resolution, the Parties recognized that the issues presented in this action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will lead to inconvenience, distraction, disruption, delay, and expense disproportionate to the potential benefits of litigation. (Moon Decl., ¶ 12.) Plaintiffs and their Counsels also considered the risk and uncertainty of the outcome inherent in any litigation when determining whether this Settlement was the correct option. (*Id.*) In sum, Plaintiffs and their Counsels believe the proposed Settlement is in the best interests of Aggrieved Employees and the LWDA. (*Id.*) In compliance with Labor Code section 2699(s)(2), notice of settlement and a copy of the proposed Settlement has been submitted to the LWDA along with a copy of Plaintiffs' motion and the hearing date. (*Id*. at ¶ 13, Ex. 3.) To date, the LWDA has not indicated any objection to the Settlement. (*Id.* at ¶ 13.)

D. Key Terms of the Proposed Settlement

The Settlement's key financial and other terms include:

1. Gross Settlement Amount, Funding, Disbursement, and Uncashed Checks. The Gross Settlement Amount ("GSA") is $480,000.00, subject to potential increase under an Escalator Clause, and is non-reversionary. (Settlement, ¶ 3.1.) Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 15 calendar days after the Effective Date.[2] (*Id.* at ¶ 4.2.) Disbursement will occur within 14 days after Defendant fully funds the GSA. (*Id.* at ¶ 4.3.) For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after 180 days from date of mailing (the "Void Date", the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee who failed to cash his or her check prior to the Void Date, thereby leaving no "unpaid residue" subject to California Code of Civil Procedure section 384, subd. (b). (*Id.* at ¶ 4.3.1.)

2. PAGA Size Estimates and Escalator Clause. Based on a review of its records, Defendants estimated that as of August 20, 2025, there were approximately 831 Aggrieved

[2] "Effective Date" means the date upon which all of the following have occurred: (i) the Court has approved the Settlement; (ii) the Court has issued the Final Order and entered Judgment in accordance with the terms described herein; (iii) if there is an appeal of the Court's Judgment, the date the Judgment is affirmed on appeal, the date of dismissal of such appeal, or the expiration of the time to file a petition for writ of certiorari to the California Supreme Court, and (iv) if there is an intervenor and no appeal is filed, the expiration date of the time for filing or noticing any appeal of the Judgment. (Settlement, ¶ 1.10.)

Employees who worked an estimated 48,000 total PAGA Pay Periods for the PAGA period from August 20, 2023, through mediation on September 15, 2025. (*Id.* at ¶ 8.) Based on the updated PAGA Period as defined in ¶ 1.23 of the Settlement, Defendant estimates that there are approximately 793 Aggrieved Employees who worked an estimated 49,791 total PAGA Pay Periods. (*Id.*) If the number of PAGA Pay Periods is 10% or more higher than the original estimate of PAGA Pay Periods (i.e., if the actual number is 52,800 or more), then the Gross Settlement Amount shall be increased by the percentage that the actual number of pay periods exceeds 52,800. (*Id.*) The pay period value shall be calculated by dividing the GSA by 48,000. (*Id.*) The Parties agree that the pay period value amounts to $10.00 per pay period ($480,000 / 48,000 pay periods) However, should the number of pay periods reach 52,800, and Plaintiffs elect to enforce the escalator clause, Defendant will have the right, in the exercise of its sole discretion, to limit the PAGA release period to the time at which the number of pay periods reaches 52,800 or the GSA shall be increased by $10.00 for every pay period over 52,800. (*Id.*) The Parties will confirm at the hearing if the escalator clause has been triggered and if any adjustments to the Gross Settlement Amount or PAGA Period are required. (Moon Decl., ¶ 15.)

3. Enhancement Award. The Settlement provides for an Enhancement Award in the amount of $7,500.00 to each Plaintiff, in addition to their respective Individual PAGA Payments and in recognition of their services on behalf of the State of California and Aggrieved Employees, including for their time, effort, and risks assumed in prosecuting the Action. (*Id.* at ¶¶ 1.24, 3.2.2.) In the event that the Court approves a lesser amount, the remainder will be allocated to PAGA Penalties. (*Id.* at ¶ 3.2.2.)

4. Counsel Fees and Litigation Expenses. The Settlement includes attorneys' fees of not more than one-third (33%) of the GSA (i.e., at least $160,000.00), subject to an Escalator Clause, plus reimbursement for out-of-pocket litigation costs not to exceed $45,000.00, payable to PAGA Counsel from the GSA. (*Id.* at ¶ 3.2.1.) In the event actual costs are less and/or the amount of fees and costs approved by the Court are less than the amounts requested, the difference will be allocated to the Net Settlement Amount. (*Id.* at ¶ 1.16.) Pursuant to a Joint Prosecution Agreement ("JPA"), the attorneys' fees will be divided with 75% to Moon Law Group, P.C. ("MLG") and 25% to Bibiyan Law Group, P.C. ("BLG"). (Moon Decl., ¶ 17.) Plaintiffs' Counsel have incurred a total of

$40,405.35 in litigation costs, with $37,772.91 incurred by MLG and $2,632.44 incurred by BLG. (*Id.* at ¶ 17, Ex. 4; Declaration of David Bibiyan, ¶¶ 18, 30, Ex. 1.)

5. Administration Expenses Payment. The Settlement provides an Administration Expenses Payment to the Administrator, payable from the GSA, in an amount not to exceed $7,950.00, for its fees and expenses in administering this Settlement. (Settlement, ¶ 3.2.3.) In the event the amount of actual administration costs is less and/or the amount approved by the Court is less than requested, the difference will be allocated as PAGA Penalties. (*Id.*) The Parties jointly selected Phoenix Class Action Administration Solutions ("Phoenix") as the neutral entity to administer this Settlement based on its bid for $7,950.00. (*Id.* at ¶¶ 1.3, 7.1; Moon Decl., ¶ 18, Ex. 5; Declaration of Jodey Lawrence on Behalf of Phoenix Class Action Administration Solutions Re: Qualifications and Costs for Settlement Administration, ¶ 22, Ex. B.)

6. PAGA Penalties. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement, allocated 25% to the Aggrieved Employees and 75% to the LWDA in settlement of the Released APGA Claims. (Settlement, ¶¶ 1.22, 3.2.) Accordingly, the PAGA Penalties is estimated to be approximately **$256,644.65**[3] which will be distributed 75% (i.e., 75% * $256,644.65 = **$192,483.49**) to the LWDA and 25% (i.e., no less than 25% * $256,644.65 = **$64,161.16**) to Aggrieved Employees pursuant to PAGA law governing Plaintiffs' claims. (Moon Decl., ¶ 19.)

7. Individual PAGA Payments. Each Aggrieved Employee will be entitled to his or her pro rata amount from the 25% share of PAGA Penalties calculated by the Administrator according to the number of PAGA Pay Periods the Aggrieved Employee worked during the PAGA Period. (Settlement, ¶¶ 1.12, 3.2.4.1.) This results in an average Individual PAGA Payment of roughly **$80.91** for each of the estimated 793 Aggrieved Employees ($64,161.16 / 793), and a PAGA Pay Period value of **$1.29** for each of the 49,791 estimated PAGA Pay Periods ($64,161.16 / 49,791). (Moon

[3] The estimated PAGA Penalties was calculated by deducting the following amounts from the GSA ($480,000.00): $40,405.35 for the PAGA Counsel Litigation Expenses Payment, $160,000.00 for the PAGA Counsel Fees Payment, $7,500.00 each for the Enhancement Payment, and $7,950.00 for the Administration Expenses Payment. (Moon Decl., ¶ 19, n.4; *See* Settlement, ¶ 3.2.)

Decl., ¶ 20.) Individual PAGA Payments will be treated as 100% penalties for tax purposes. (Settlement, ¶ 3.2.4.1.)

8. Releases of Claims. Upon the Court's Approval Order and Defendant's payment to the Administrator of all funds owed in settlement of the Action, the LWDA will release the Released Parties from all PAGA claims alleged in the Operative Complaint, including civil penalties sought for unpaid wages, overtime, missed meal and rest periods, reimbursement claims, and wage statement violations, from October 25, 2023, through December 31, 2025. (*Id.* at ¶ 5.0.)

III. DISCUSSION

A. Availability of Civil Penalties

The LWDA and its constituent departments and divisions are authorized to assess and collect civil penalties for specified violations of the Labor Code committed by an employer. With a stated goal of improving enforcement of existing Labor Code obligations, the California Legislature adopted the Private Attorneys General Act of 2004, permitting, as an alternative, an aggrieved employee to initiate a private civil action on behalf of him- or herself and other current or former employees." (Lab. Code § 2699(a).) Before an employee may file an action seeking to recover civil penalties for violations of any of the Labor Code provisions enumerated in Labor Code section 2699.5, he or she must comply with the Act's administrative procedures as set forth in Labor Code section 2699.3, subdivision (a), which include providing notice to the LWDA and the employer of the alleged Labor Code violations, and then waiting a prescribed period of time to permit the LWDA to investigate and to decide whether to cite the employer for the alleged violations. (*Id.* at §§ 2699.3, 2699.5; *Caliber Bodyworks, Inc. v. Superior Court* (2005) 134 Cal.App.4th 365, 370; *see also Dunlap v. Superior Court* (2006) 142 Cal.App.4th 330.)

Here, in compliance with Labor Code section 2699.3, Plaintiffs submitted notice of the Labor Code violations at issue to the LWDA, and they exhausted administrative remedies without the LWDA providing notice of any intent to investigate the claims. (Moon Decl., ¶ 7, Ex. 2.) Accordingly, Plaintiffs are duly authorized to act as private attorneys general pursuant to PAGA. (*Id.* at ¶ 7.)

B. The Settlement Merits Approval

Settlement of PAGA claims must be approved by a Court. (Lab. Code § 2699(s)(2).) Here, the circumstances weigh heavily in favor of approval, as explained below.

1. The Relief Is Genuine, Meaningful, and Consistent with the Dual Statutory Purposes of Deterrence and Punishment under PAGA

The $480,000.00 GSA amounts to a "genuine and meaningful" relief "consistent with the underlying purpose of the statute to benefit the public." (Moon Decl., ¶ 34; *see O'Connor*, 201 F.Supp.3d at 1133–35 [denying settlement approval where allocation for PAGA claims was 0.1% of the estimated full worth].) This is an excellent result, particularly because, under the Settlement, Aggrieved Employees and the LWDA will receive timely, guaranteed relief and will avoid the risk of not being able to recover anything at all. (Moon Decl., ¶ 34.)

The Settlement is a fair and reasonable resolution that satisfies PAGA's dual statutory purposes of deterrence and punishment, on the one hand, and providing Aggrieved Employees with genuine and meaningful relief, on the other. (Lab. Code §§ 2698, *et seq.*) As a result of this litigation, Defendant has had to hire legal counsel, engage in employee-wide discovery, and participate in mediation. (Moon Decl., ¶ 34.) Assuming approval is granted, Defendant will also have to pay civil penalties pursuant to PAGA. (*Id.*) Not including its own attorneys' fees and costs, Defendant will pay at least $480,000.00 to resolve this matter—of which approximately $256,644.65 is allocated toward PAGA Penalties and will be distributed as 75% to the LWDA and 25% to Aggrieved Employees, in compliance with PAGA law governing the claims in this Action. (*See* Settlement, ¶ 3.2.4.) This amount represents approximately **34%** of the realistic exposure for the claims ($256,644.65 / $746,865.00), as discussed below. (Moon Decl., ¶ 34.)

2. The Settlement Amount Provides a Realistic Value for the Claims that is within the "Ballpark" of Reasonableness

There can be no doubt that this Settlement is the result of vigorous, adversarial, non-collusive, and arm's-length negotiations between the Parties. (Moon Decl., ¶ 11.) Plaintiffs' Counsel performed an extensive investigation into the facts, claims, and defenses at issue and Defendant's potential liability, including a review of governing law and analysis of informal discovery, including

Defendant's written policies and time/pay data for a majority of Aggrieved Employees. (*Id.* at ¶¶ 9–10.) Plaintiffs' Counsel used the foregoing discovery and investigation to prepare for mediation and, with the assistance of a statistics expert, assessed the probability of success on the merits and Defendant's monetary exposure, discussed the strengths and weaknesses of the claims and defenses in depth at mediation and continued negotiations, and ultimately negotiated the resulting Settlement. (*Id.* at ¶¶ 9–12.)

Based on Plaintiffs' Counsel's analysis of the arguments and information provided by Defendant, on an expert analysis of the time and pay records, and on information from Plaintiffs, Plaintiffs' Counsel evaluated Defendant's both maximum and risk-adjusted potential exposure in preparation for mediation. (*Id.* at ¶ 23.) Although the expert's analysis revealed that the time and pay records supported several violations by Defendant, those identifiable violations were primarily limited to the regular rate and meal period claims. (*Id.*) The records themselves did not provide strong support for the off-the-clock work, rest period, and expense reimbursement claims, and derivative penalties for those claims, as these claims are predominantly testimony based and based only on high violation rates. (*Id.*) In other words, Plaintiffs' analysis revealed that certain claims were not as strong as originally believed. (*Id.*)

Because Defendant did not require employees to record rest periods, there are no records to establish the rest period claim on the merits. (*Id.* at ¶ 24.) Additionally, there are no records to establish the off-the-clock work and reimbursement claims on the merits. (*Id.*) Rather, proof of these claims would need to be supported by declarations from Aggrieved Employees regarding missed rest periods, off-the-clock work, and business expenses incurred as the records themselves cannot demonstrate what breaks were missed, when, and why, what expenses were incurred, and they cannot demonstrate the time, if any, Aggrieved Employees spent working off the clock. (*Id.*)

Indeed, the maximum exposure figures that were calculated for mediation were based on assumed high violation rates that would not likely be demonstrated at trial, as they assume either the participation of all Aggrieved Employees (which would be difficult given the particularly large size of this group), or alternatively, the use of surveys or statistical data as a surrogate (which would still require the participation of a majority of Aggrieved Employees to establish a sound representation of all non-exempt employees). (*Id.* at ¶ 25.) The reality is that many, if not all, employees would be unwilling to participate due to fear of retaliation. (*Id.*) However, even assuming those employees would be willing to participate, obtaining such declarations would potentially reveal that each Aggrieved Employee had a different experience. (*Id.*) The individualized nature of their employment experience and the numerosity of employees affected present significant risk with manageability and proof on the merits. (*Id.*)

Even as to the regular rate and meal period claims, our analysis found that Defendant's exposure is less than initially believed. (*Id.* at ¶ 26.) As to meal periods, Plaintiffs allege that meal periods were frequently missed, shortened or interrupted. (*Id.*) Based on a review of the records, Plaintiffs' expert determined there were approximately 53,873 unique meal break violations, for a violation rate of 20.3%. (*Id.*) However, Plaintiffs' expert found that 11.2% of the violations were accompanied by a meal waiver and that Defendant made meal premium payments for 3.1% of the violations. (*Id.*) After accounting for the meal waivers and premium payments, the meal break violation was reduced to 6%. (*Id.*) Further, Defendant nonetheless contends that many meal breaks were taken and, where a violation appears, it was a result of the Class Member voluntarily choosing to forego a meal period, to take it after the end of the fifth hour, or to stop his or her break early to return to work. (*Id.*)

As to the regular rate issue, Plaintiffs allege that Defendant failed to incorporate all non-discretionary remuneration into the regular rate of pay for purposes of paying overtime and sick pay. (*Id.* at ¶ 27.) Plaintiffs' expert reviewed the sample records and found that 52.7% of pay periods included overtime and additional compensation, and 0.1% of pay periods included sick pay and additional compensation. (*Id.*) However, Defendant denies that it failed to incorporate any non-discretionary bonuses into the regular rate of pay as such bonuses were discretionary. (*Id.*)

The likelihood that Defendant could assert viable legal defenses would likely further reduce its overall exposure. (*Id.* at ¶ 28.) For example, the individualized and testimony-intensive nature of the claims could bar manageability of this representative action or otherwise significantly reduce Defendant's overall liability. (*Id.*) Further, a claim-by-claim penalty calculation is overly optimistic as it presumes Plaintiffs would be able to stack the penalties, although penalty stacking is not expressly permitted by PAGA. Rather, without either (i) a prior finding by the LWDA or a court within the past five years that the employer violated PAGA or (ii) evidence that the employer's conduct was malicious, fraudulent, or oppressive, PAGA only provides for a maximum $100 penalty for each pay period. (Lab. Code § 2699(f)(2)(A)–(B).) Moreover, Plaintiffs' Counsel believe it would be unrealistic to expect the Court to award the full (penalty-stacked) exposure given the discretionary nature of awarding penalties and given Defendant's defenses, including that any failure to pay premiums, regular rate wages, or for off-the-clock work was not knowingly or willfully done, and additionally, to the extent employees received wage statements that were allegedly inaccurate, employees suffered no actual resulting damage or harm. (Moon Decl., ¶ 29.) Moreover, awarding the full penalties amount would likely raise Due Process concerns. (*Id.*) For the foregoing reasons, the *realistic* exposure is thus far below the *optimistic* maximum estimate. (*Id.* at ¶ 30.)

Based on the foregoing, Plaintiffs' Counsel believe it is more reasonable to assess penalties on a $100 civil penalty per pay period basis pursuant to Labor Code § 2699(f)(2)(A) for each of the estimated 49,791 pay periods at issue, as opposed to a claim-by-claim approach. (*Id.* at ¶ 31.) Accordingly, Plaintiffs' Counsel estimate Defendant's maximum PAGA exposure to be **$4,979,100.00** ($100 x 49,791). (*Id.*) However, based on the discovery, Defendant's arguments at mediation and continued settlement discussions, an understanding that the claims are heavily dependent on the unlikely participation by Aggrieved Employees and their varying employment experience, and other important considerations discussed above, it is reasonable to assume a violation occurred in at most 15% of all pay periods only, which results in a realistic (*risk-adjusted*) exposure of **$746,865.00** ($4,979,100.00 x 15%). (*Id.*) As a result, the GSA of $480,000.00 represents roughly **64%** of the realistic exposure ($480,000.00 / $746,865.00). (*Id.*)

The proposed Settlement therefore represents a substantial recovery when compared to the reasonably forecasted recovery. (*Id.* at ¶ 32.) When considering the risks of litigation, the uncertainties involved in continued litigation, the burdens of proof necessary to establish liability, and the probability of appeal, it is clear the GSA of $480,000.00 is within the "ballpark" of reasonableness, and that settlement approval is appropriate. (*Id.*; *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 133; *see Munoz v. BCI Coca-Cola Bottling Co. of L.A.* (2010) 186

Cal.App.4th 399, 408–09 [holding that *Kullar* does not require "an explicit statement of the maximum amount the plaintiff class could recover if it prevailed on all its claims," but instead, only an "understanding of the amount that is in controversy and the realistic range of outcomes of the litigation"].)

3. The Settlement Is a Fair and Reasonable Result Following a Thorough Investigation and Accounting of Various Litigation Risks

Plaintiffs' Counsel have conducted a thorough investigation into the facts of the allegations. (Moon Decl., ¶ 35.) Based on discovery and on their own independent investigation and evaluation, Plaintiffs' Counsel are of the opinion that the proposed Settlement is fair, reasonable, and adequate. (*Id.*) Furthermore, considering all known facts and circumstances, the risk of significant delay, trial risk, appellate risk, the defenses that could be asserted by Defendant on the merits, Plaintiffs' Counsel respectfully submit that the Settlement is in the best interests of the Aggrieved Employees and the State of California. (*Id.*)

Although Plaintiffs' Counsel believe there is merit to Plaintiffs' allegations, they also acknowledge a legitimate controversy exists as to each allegation. (*Id.* at ¶ 36.) Plaintiffs' Counsel also recognize that proving the amounts of penalties owed to each Aggrieved Employee would be an expensive, time-consuming, and uncertain proposition. (*Id.*) Moreover, Plaintiffs' Counsel are also of the opinion that because the issues here are fairly contested, there is a possibility of the Court not awarding PAGA penalties even if Plaintiffs prevailed on the merits due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 37.) Indeed, a Court may reduce PAGA penalties "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." (Lab. Code § 2699(e)(2).) In other words, were this matter to go to trial, any award granted would be at the discretion of the Court and subject to a substantial reduction. (Moon Decl., ¶ 37.) While Plaintiffs' Counsel believe there would be no persuasive grounds to reduce penalties, they recognize that the Court could determine otherwise and significantly reduce any award of penalties. (*Id.* at ¶ 38.) This wide range of potential recovery and additional delays and risks of trial provide justification to settle for a reasonable amount of recovery at this point in the litigation. (*Id.*) In all, based on the investigation and analysis of the claims in preparation for mediation, the maximum exposure did not comport with the realistic exposure that Defendant faced, as discussed above. (*Id.*)

Plaintiffs' Counsel took into account the risk of not being able to proceed on a representative basis at all due to the potential manageability issues, the risk of not prevailing at trial, and the risk that even if Plaintiffs prevailed at trial, the penalties would be limited due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 39.) The provisions of the Labor Code triggering PAGA penalties in this case include Labor Code sections 203, 210, 226.3, 558, 1197.1, and 2802. (*Id.*) However, PAGA penalties are not mandatory, but rather, permissive. (Lab. Code § 2699(e)(2).) Accordingly, it is entirely possible that even if Plaintiffs would be successful at trial and then defeat the manageability issues presented at litigation by the large number of Aggrieved Employees in this action, Plaintiffs may still be awarded substantially less than what was obtained through the Settlement. (Moon Decl., ¶ 39.)

The Settlement avoids the significant risks, burdens, and the accompanying expense of further litigation. (*Id.* at ¶ 40.) Though the Parties have engaged in a significant amount of investigation, informal discovery, and employee data analysis, they have not commenced formal discovery procedures. (*Id.*) Moreover, Plaintiffs would have to proceed with arbitration of his individual claims and win on the merits before proceeding with litigation of the representative PAGA claims. (*Id.*) Preparation for trial and the prospect of appeals in the wake of any summary judgment ruling would remain for the Parties. (*Id.*) As a result, the Parties would incur considerably more attorneys' fees and costs through trial, a lengthy and uncertain process that could result in recovering less than was settled for. (*Id.*)

C. <u>The Enhancement Awards to Plaintiffs are Reasonable and Should Be Approved</u>

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

California Supreme Court has noted that "retaliation against employees for asserting statutory rights under the Labor Code is widespread," despite anti-retaliation statutes designed to protect employees. (*Gentry v. Super. Ct.* (2007) 42 Cal.4th 443, 460–61.) In this context, PAGA representatives should be rewarded for assuming the risk of retaliation for the sake of aggrieved employees.

Here, in line with the Settlement and subject to the Court's approval, Plaintiffs request Enhancement Awards of $7,500.00 each. (Settlement, ¶ 3.2.2.) Plaintiffs and their Counsels respectfully submit that the requested enhancements are reasonable in recognition of Plaintiffs' roles as the named Plaintiffs and PAGA Representatives, for the risks to future employment inherent in undertaking this role and for their service and participation in litigation that resulted in a fair settlement under PAGA. (Moon Decl., ¶¶ 41–44; Declaration of Plaintiff Hector Javier Perez Jimenez in Support of Motion for Approval of PAGA Settlement, ¶¶ 6–11; Declaration of Plaintiff Maria Nora Montalvo in Support of Plaintiffs' Motion for Approval of Representative Action Settlement, ¶¶ 9-16.)

D. <u>The Requested Attorneys' Fees/Costs Are Reasonable and Should Be Approved</u>

In line with the Settlement, PAGA Counsel requests an award of attorneys' fees in an amount an amount of one-third (33%) of the GSA (i.e., $160,000.00), plus reimbursement for actual litigation costs in the amount of $40,405.35. (*See* Moon Decl., ¶¶ 65, 76; Settlement, ¶ 3.2.1.).

1. Plaintiffs' Counsel Request an Award of Fees Based on the Common Fund Method

California courts have long awarded attorneys' fees as a percentage of the benefit created by counsel in pursuing claims on behalf of a class. (*See, e.g.*, *Serrano v. Priest* (1977) 20 Cal.3d 25.) The California Supreme Court has held, "when a number of persons are entitled in common to a specific fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the creation or preservation of that fund, such plaintiff or plaintiffs may be awarded attorney's fees out of the fund." (*Id.* at p. 34.)

Here, Plaintiffs' Counsel seek an award of attorneys' fees on the "percentage of recovery/common fund" theory. (Moon Decl., ¶ 66.) The purpose of this approach is to "spread litigation costs proportionately among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." (*Vincent v. Hughes Air W., Inc.* (9th Cir. 1977) 557 F.2d 759, 769.) In

Quinn v. State of Cal. (1975) 15 Cal.3d 162, the California Supreme Court stated, "one who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits, may require those passive beneficiaries to bear a fair share of the litigation costs." (*Id.* at p. 167.) Similarly, in *City and County of San Francisco v. Sweet* (1995) 12 Cal.4th 105, the California Supreme Court recognized that the common fund doctrine has been applied "consistently in California when an action brought by one party creates a fund in which other persons[ ] are entitled to share." (*Id.* at pp. 110–11 [pincite omitted.) The reasons for applying this doctrine include:

> fairness to the successful litigant, who might otherwise receive no benefit because his recovery might be consumed by the expenses; correlative prevention of an unfair advantage to the others who are entitled to share in the fund and who should bear their share of the burden of its recovery; encouragement of the attorney for the successful litigant, who will be more willing to undertake and diligently prosecute proper litigation for the protection or recovery of the fund if he is assured that he will be properly and directly compensated should his efforts be successful.

(*Id.* at p. 111.)

Several courts have expressed frustration with the alternative "lodestar" approach for deciding fee awards, which usually involves wading through voluminous and often indecipherable time records. Commenting on the lodestar approach, Chief Judge Marilyn Hall Patel wrote in *In re Activision Securities Litigation* (N.D. Cal. 1989) 723 F.Supp.1373:

> **This court is compelled to ask, "Is this process necessary?" Under a cost-benefit analysis, the answer would be a resounding, "No!"** Not only do the *Lindy* and *Kerr–Johnson* analyses consume an undue amount of court time with little resulting advantage to anyone, but, in fact, it may be to the detriment of the class members.

(*Id.* at p. 1375 [emphasis added].) The percentage approach is preferable to the lodestar because: (1) it aligns the interests of class counsel and absent class members; (2) it encourages efficient resolution of the litigation by providing an incentive for early, yet reasonable, settlement; and (3) it reduces the demands on judicial resources. (*Id*. at pp. 1378–79.) California Courts now routinely use the percentage of the common fund approach to determine the award of attorney's fees. (*See*, *e.g.*, *In re Pac. Enter. Sec. Litig.* (9th Cir. 1995) 47 F.3d 373, 378–79 [approving attorneys' fee award of 33%].)

2. The Matter Involves a Fee and Cost Shifting Provision under PAGA

Labor Code section 2699 provides for the recovery reasonable attorney's fees as well as costs of suit. (Lab. Code § 2699(k)(1).) Specifically, it states: "Any employee who prevails in any [PAGA] action shall be entitled to an award of reasonable attorney's fees and costs . . ." (*Id.*) Under this provision, Plaintiffs would be permitted to recover their actual attorneys' fees, even if those fees were larger than the total recovery for the Aggrieved Employees at the conclusion of this case. (*Id.*) This fee/cost-shifting provision reflects the understanding that Plaintiffs' Counsel must accept significant risk of substantial expenses and consumption of time, energy, and other resources in litigating a PAGA claim, and thus, that Plaintiffs' Counsel is not only permitted, but entitled, to recover reasonable attorneys' fees and costs if successful in litigating a PAGA claim.

The Settlement at issue is beneficial in that it limits the risk of continued expenses and consumption of time, energy, and resources facing Defendant while at the same time rewarding Plaintiffs' Counsel for their decision to assume risk by taking on this matter. In fact, prosecution of this action involved significant financial risk for Plaintiffs' Counsel who undertook this matter on a contingent basis, with no guarantee of recovery. (Moon Decl., ¶¶ 70-73; Bibiyan Decl., ¶ 18.) Once Plaintiffs' Counsel undertook this litigation on behalf of the Aggrieved Employees, they committed to pursue it to its conclusion, and were accordingly precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain. (*Id.* at ¶ 71.)

3. Counsels' Experience, Reputation, and Ability Support the Requested Fee Award

As demonstrated by their prior experience in pursuing class and representative actions on behalf of employees, Plaintiffs' Counsels possess considerable expertise in litigating class action and representative matters. (Moon Decl., ¶¶ 45-65; Bibiyan Decl., ¶¶ 4-15.) Plaintiffs' Counsels have been involved as lead counsel or co-counsel in a multitude of class and representative actions resulting in beneficial results to class members and aggrieved employees in California. (Moon Decl., ¶¶ 45-65; Bibiyan Decl., ¶¶ 4-15.) Because it is reasonable to compensate Plaintiffs' Counsel commensurate with their skill, reputation, and experience, the requested fee award is supported here.

Plaintiffs' Counsel's experience in wage-and-hour class and representative actions was integral in evaluating the strengths and weaknesses of the case against Defendant and the reasonableness of this Settlement. (Moon Decl., ¶ 63.) Practice in the narrow field of wage-and-hour litigation requires skill and knowledge concerning the rapidly evolving substantive law (state and federal), as well as the procedural law of representative action litigation. (*Id.* at ¶ 61.) Based on these and other factors, Plaintiffs' Counsel have frequently received fee awards of this percentage from the gross recovery for aggrieved employees. (*See id.* at ¶¶ 49, 54, 56; Bibiyan Decl., ¶¶ 11-12.) Thus, the requested fee award is reasonable and fair.

4. While the Lodestar Method Is Not Necessary in Common Fund Cases, the Court May Perform a Cross-Check to Award Fees

"Despite its primacy, the lodestar method is not necessarily utilized in common fund cases." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 27.) Courts have criticized the lodestar method as a drain on the judicial system and a disincentive on attorneys to take on high-risk, challenging cases. (*Id.* at p. 29.) Indeed, the lodestar approach: "(1) 'increases the workload of an already overtaxed judicial system,' (2) is 'insufficiently objective and produce[s] results that are far from homogenous,' (3) 'creates a sense of mathematical precision that is unwarranted in terms of the realities of the practice of law,' (4) 'is subject to manipulation by judges who prefer to calibrate fees in terms of percentages of the settlement fund or the amounts recovered by the plaintiffs or of an overall dollar amount,' (5) 'encourages lawyers to expend excessive hours, and . . . engage in duplicative and unjustified work,' (6) 'creates a disincentive for the early settlement of cases,' (7) deprives trial courts of 'flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered,' (8) 'works to the particular disadvantage of the public interest bar,' and (9) results in 'confusion and lack of predictability.'" (*Id.* [quoting Third Circuit Task Force, *Court Awarded Attorney Fees* (1985) 108 F.R.D. 237, 246–49].)

Although California Courts support the common fund doctrine, the lodestar method can be used to cross-check fee awards. "It may be appropriate in some cases, assuming the class benefit can be monetized with a reasonable degree of certainty, to 'cross-check' or adjust the lodestar in comparison to a percentage of the common fund to ensure that the fee awarded is reasonable and within the range of fees freely negotiated in the legal marketplace in comparable litigation." (*In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557 [quoting *Lealao*, *supra*, 82 Cal.App.4th at pp. 49–50].) Applying the lodestar method is a two-step process. The first step is to multiply the number of hours reasonably expended by a reasonable hourly rate, and the second step is to apply a multiplier to the lodestar to account for various factors. (*Id.* at p. 556.) "The purpose of such adjustment is to fix a fee at the fair market value for the particular action. In effect, the court determines, retrospectively, whether the litigation involved a contingent risk or required extraordinary legal skill justifying augmentation of the unadorned lodestar in order to approximate the fair market rate for such services." (*Id.*) "Under certain circumstances, a lodestar calculation may be enhanced on the basis of a percentage-of-the-benefit analysis." (*Id.* at pp. 556–57.)

Further, "California case law permits fee awards in the absence of detailed time sheets." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 255.) The Court "should defer to the winning lawyer's professional judgment as to how much time he was required to spend on the case." (*Moreno v. City of Sacramento* (9th Cir. 2008) 534 F.3d 1106, 1112.) Generally, hours are reasonable if they were "reasonably expended in pursuit of the ultimate result achieved in the same manner that an attorney traditionally is compensated by a fee-paying client." (*Hensley v. Eckerhart* (1983) 461 U.S. 424, 431.)

Here, Plaintiffs' Counsel current lodestar is *no less than* **$289,409.00**, which is based on *no less than* **451.3 hours** of attorney time spent to-date at their customary hourly rates. (Moon Decl., ¶ 70(c).) Thus, in comparison to this lodestar, the fee request is *less than* the lodestar. (*Id.*) Further, the foregoing lodestar does not reflect additional works that will be devoted to this litigation, including to obtain and monitor approval of the Settlement and requested awards, oversee the settlement administration process and distribution of funds, respond to inquiries, and communicate with Plaintiffs regarding the case. (*Id.* at ¶ 68.) The amount of fees requested under the Settlement is warranted based on the contingent risk that Plaintiffs' Counsel incurred, the difficulty of the questions involved, the substantial benefit conferred on the Aggrieved Employees and State of California as a result of the Settlement, and the skill displayed by Plaintiffs' Counsel. (*Id.* at ¶ 70.) Plaintiffs' Counsel also bear the risk of taking whatever actions are necessary if Defendant fails to pay. (*Id.* at ¶ 68.) Thus, the request for attorneys' fees is more than reasonable under a lodestar check.

5. Plaintiffs' Counsel's Costs Were Actually and Reasonably Incurred

Winning counsel are entitled to recover the out-of-pocket costs and expenses they reasonably incurred in investigating, prosecuting, and settling a case. (*Staton v. Boeing Co.* (9th Cir. 2003) 327 F.3d 938, 974; Lab. Code § 2699(k)(1).) "Attorney fees incurred in one action may be considered necessary litigation costs in another." (*Conservatorship of McQueen* (2014) 59 Cal.4th 602, 613 [quoting *Globalist Internet Technologies, Inc. v.* Reda (2008) 167 Cal. App. 4th 1267].) Additionally, the "right to recover attorney fees does not depend on the nature of the action or the forum in which the expenses were incurred." (*Globalist Internet Technologies, Inc. v.* Reda, (2008) 167 Cal. App. 4th 1267, 1276.)

Here, Plaintiffs' Counsel seek reimbursement in the total amount of $40,405.35 for expenses that were actually and reasonably incurred in this litigation. (Moon Decl., ¶ 76, Ex. 4; Bibiyan Decl., ¶¶ 18, 30, Ex 1.) The total costs include litigation costs incurred from the filing of the *Longoria* complaint. (Moon Decl., ¶ 17, n.3.) Reimbursement of costs incurred in *Longoria* is reasonable because the litigation against Defendant was initiated through *Longoria*. (*Id.*) The litigation efforts in both actions were not duplicative but were cumulative as the investigation, discovery, and settlement negotiations that occurred in *Longoria* carried over to this instant action. (*Id.*) Thus, PAGA Counsel should be reimbursed for the total amount of $40,405.35, including costs incurred in *Longoria*, because the costs were reasonably and necessarily incurred and contributed to the settlement of this instant action. (*Id.*)

IV. CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request the Court grant approval of the Settlement and enter the proposed approval order and proposed judgment submitted herewith.

Respectfully submitted,

DATED: June 30, 2026

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By: ___________________________________

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