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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

SARAH DANIELLE RASH, individually and
on behalf of all others similarly situated,

Plaintiff,

vs.

CALIFORNIA MEDICAL BUSINESS
SERVICES, LLC; and DOES 1 through 20,
inclusive,

Defendants.

Case No. 22STCV11686

*Assigned for All Purposes to:
Judge Tony L. Richardson
Dept. 39*

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
PLAINTIFF'S MOTION FOR APPROVAL
OF PAGA SETTLEMENT**

Date: March 24, 2025
Time: 8:30 a.m.
Dept: 39
Reservation ID: 533481553033

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiff Sarah Danielle Rash (“Plaintiff”) seeks approval of a settlement of claims under
4 the Private Attorneys General Act of 2004, California Labor Code § 2698 *et seq.* (“PAGA”) against
5 Defendant California Medical Business Services, LLC (“Defendant”) in the amount of
6 \$300,000.00. Plaintiff alleges approximately 529 aggrieved employees who worked for Defendant
7 that were allegedly not paid at least minimum wages for all hours worked, not paid overtime
8 compensation, not provided with meal periods or compensation in lieu thereof, not provided with
9 rest breaks or compensation in lieu thereof, not provided with accurate wage statements, were not
10 reimbursed for Defendant’s necessary business expenses, and were not paid all wages owed upon
11 separation of employment.

12 Under Labor Code § 2699(l)(2), the Court must review and approve any proposed PAGA
13 settlement. Here, the proposed Settlement is sufficient to deter and punish future violations. The
14 Settlement is attached to the Declaration of Jamie Loos (“Loos Decl.”) as **Exhibit 1**, and the
15 proposed letter to be sent to the aggrieved employees is attached thereto as **Exhibit A**. Plaintiff now
16 seeks this Court’s approval of the Settlement terms.

17 **II. FACTUAL AND PROCEDURAL BACKGROUND**

18 On April 6, 2022, Plaintiff’s counsel sent a letter to the California Labor & Workforce
19 Development Agency (“LWDA”) via online submission and to Defendant via certified mail
20 regarding Defendant’s alleged violations. *See* Loos Decl., ¶ 3, Exhibit 2. Plaintiff filed an Amended
21 PAGA Claim Notice on September 29, 2022. *Id.* at ¶ 4, Exhibit 3. The LWDA did not respond to
22 these notices within 65 days, indicating it did not intend to investigate, thus allowing Plaintiff to
23 file the instant lawsuit pursuant to Labor Code Section 2699.3(a)(2)(A). *See* Loos Decl., ¶ 5.

24 On April 6, 2022 Plaintiff filed her Complaint as a class action lawsuit, alleging that,
25 Defendant failed to: (1) pay minimum wages, (2) pay overtime wages, (3) provide lawful meal
26 periods or compensation in lieu thereof, (4) authorize or permit lawful rest breaks or provide
27 compensation in lieu thereof, (5) reimburse class members for necessary business expenses, (6)
28 provide accurate itemized wage statements, (7) timely pay all wages during employment, (8) pay

1 all wages timely upon separation of employment and, (9) abide by the requirements of California
2 Business and Professions Code Section 17200 *et seq.* Loos Decl. at ¶ 6. Due to the presence of
3 arbitration agreements that Plaintiff and class members allegedly signed, Plaintiff dismissed her
4 individual and class claims and proceeded on a PAGA-only basis. Loos Decl., ¶ 7. Plaintiff filed a
5 First Amended Complaint for a single cause of action under PAGA on July 25, 2022. *Id.* at ¶ 8.

6 After further meet and confer efforts, the Parties agreed to attend private mediation. Loos
7 Decl., ¶ 9. In preparation for mediation, Defendant produced, through formal and informal
8 discovery, data and documents for Plaintiff to evaluate the PAGA claims and calculate the alleged
9 exposure, including policy documents, the employee handbook, a sample of time and payroll
10 records, exemplar wage statements, and data pertaining to the aggrieved employees. *Id.* Plaintiff's
11 Counsel also engaged an expert to quantify the potential exposure using the time and payroll
12 records, and then assessed the risks associated with each of the claims. *Id.*

13 The parties participated in mediation on May 7, 2024, with Lynn Frank, a respected class
14 action and PAGA action mediator. Loos Decl., ¶ 10. After a full day of negotiations, the Parties did
15 not reach an agreement at mediation. *Id.* However, the Parties continued to negotiate and thereafter
16 executed a Mediators Proposal with the material terms of the proposed settlement. *Id.* The Parties
17 spent the next few months negotiating the final terms of the Settlement, which was finalized in
18 November of 2024. *Id.*

19 Plaintiff provided notice of the Settlement and a copy of this Motion to the LWDA on
20 November 20, 2024. Loos Decl., ¶¶ 11, 33, Exhibit 4.

21 **III. PAGA REQUIREMENTS**

22 Based on the California Supreme Court's opinions in *Arias v. Superior Court*, 46 Cal. 4th
23 969 (2009), and *Iskanian v. CLS Transportation Los Angeles, LLC*, 59 Cal. 4th 348 (2014),
24 Plaintiffs can seek appropriate civil penalties as called for under PAGA on behalf of the State of
25 California and other similarly aggrieved employees without seeking class certification or meeting
26 the requirements of class certification (*i.e.* numerosity, typicality, commonality and adequacy). As
27 such, the class action two-step preliminary and final approval process is not required.
28

1 PAGA was enacted to allow enforcement of the Labor Code and recovery of penalties by
2 the State and by private individuals who have been aggrieved by their employers. The statute calls
3 for 75% of any penalties recovered to be paid to California's LWDA and the remaining 25% to the
4 aggrieved employees (Cal. Lab. Code § 2699(i) (2016)).

5 In order to enforce and seek penalties under PAGA in a civil action, an aggrieved employee
6 must first provide written notice to the LWDA and the employer of the particular Labor Code
7 violations the aggrieved employee alleges the employer has violated. See Cal. Labor Code §
8 2699.3(a)(1)(A) (2016). Once the LWDA notifies the aggrieved employee that it does not intend to
9 investigate the alleged violations, or if the LWDA does not respond within a certain time period,
10 the aggrieved employee is then allowed to proceed in a civil action against the employer on behalf
11 of the LWDA and all other similarly aggrieved employees. See Cal. Labor Code § 2699.3(a)(2)(A)
12 (2016).

13 In 2009, the California Supreme Court considered the issue of whether an aggrieved
14 employee who brings a PAGA representative claim needs to meet class certification requirements.
15 *Arias, supra*, 46 Cal. 4th at 976. After a substantial review of the legislative history of PAGA, the
16 Court held that an aggrieved employee's representative action brought on behalf of other aggrieved
17 employees against an employer for PAGA violations does not need to meet the requirements for
18 class certification. *Id.* at 975, 980-88. As the Court held, a plaintiff bringing suit under PAGA does
19 so as the proxy or agent of California's labor law enforcement agencies. *Id.* at 986. Because the
20 employee's PAGA action functions as a substitute for an action brought by the government itself, a
21 judgment in the PAGA action binds all those who would be bound by a judgment in an action
22 brought by the government. *Id.*

23 Finally, in a settlement of a PAGA action brought by an aggrieved employee, the court
24 need only "review and approve" the settlement. Cal. Lab. Code § 2699(1)(2) (2016). The Parties
25 to this current PAGA action have reached such an agreement and now seek this Court's approval of
26 the proposed settlement.

27 **IV. THE SETTLEMENT TERMS AND DISTRIBUTION OF PENALTIES**

28

1 The Parties have agreed that Defendant will pay a total settlement amount of \$300,000.00
2 (the “Gross Settlement Amount”). See Settlement Agreement, § 3.1. From this amount, up to one-
3 third (1/3) of the Gross Settlement Amount, or \$100,000.00, is allocated to attorneys’ fees and up
4 to \$25,000.00 to actual litigation costs. *Id.* at § 3.2.1. To date, Plaintiff’s counsel has spent
5 \$18,101.45 in actual litigation costs and incurred over \$100,000.00 in attorneys’ fees. See Loos
6 Decl., ¶¶ 28-29, 34, Exhibit 5. The Settlement allocates up to \$5,200.00 to payment for Atticus
7 Administration, LLC’s costs associated with administration of the Settlement. Settlement
8 Agreement, § 3.2.2. For Plaintiff’s efforts in assisting with the Lawsuit and in exchange for a
9 general release of her individual claims, \$10,000.00 is allocated to Plaintiff. *Id.* at § 3.2.3.

10 After deducting the above amounts for attorneys’ fees and costs, Settlement
11 Administrator’s costs, and Plaintiff’s individual settlement award, the remaining fund will
12 constitute the “PAGA Penalties” in which 75% will be paid to the LWDA (the “LWDA PAGA
13 Payment”) and 25% will be paid to the Aggrieved Employees as their “Individual PAGA
14 Payments”. Settlement Agreement, ¶ 3.2.4. The Aggrieved Employees are all current and former
15 non-exempt, hourly paid employees, who were employed Defendant in California during the PAGA
16 Period. *Id.* at ¶ 1.4. The PAGA Period means the period from April 6, 2021, until May 10, 2024.
17 *Id.* at ¶ 1.19.

18 The Individual PAGA Payments will be calculated pro rata based on the number of pay
19 periods working during the PAGA Period. Settlement Agreement, § 3.2.4.1. If number of pay
20 periods worked by Aggrieved Employees in the PAGA Period exceeds 22,104 by more than 10%,
21 then the Gross Settlement Amount will increase pro rata per additional PAGA Pay Period. *Id.* at §
22 8. The Individual PAGA Payments shall be paid to the Aggrieved Employees by way of a single
23 check which will be valid for 180 days. *Id.* at § 4.4.1. All funds not claimed within 180 days of
24 mailing of payment shall be sent to the California State Controller’s Office Unclaimed Property
25 Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee.
26 *Id.* at § 4.4.3. The Individual PAGA Payments will be characterized as penalties for tax purposes
27 and reported on IRS Form 1099. *Id.* at § 3.2.4.2.

1 Prior to this disbursement, the Settlement Administrator shall check the Aggrieved
2 Employees' addresses provided by Defendant using the National Change of Address database.
3 Settlement Agreement, § 4.4.1. For any returned payments without a forwarding address, the
4 Settlement Administrator shall run a skip trace. *Id.* at § 4.4.2. Aggrieved Employees will receive a
5 letter along with their Individual PAGA Payment explaining the reason for the payment, the content
6 of which will be submitted to the Court for approval. *Id.* at § 4.4.1. The proposed letter is attached
7 to the Settlement Agreement as Exhibit A.

8 In exchange for the settlement payment, the Aggrieved Employees will release the
9 "Released Parties" meaning "Defendant and its former and present directors, officers, shareholders,
10 owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and
11 affiliates," from "all claims for PAGA penalties arising during the PAGA Period that were alleged,
12 or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the
13 PAGA Notice. Settlement Agreement, §§ 1.26, 5.2. Only Plaintiff has agreed to a general release
14 of all claims and a waiver of her rights under § 1542 of the California Civil Code. *Id.* at § 5.1.

15 **V. THE SETTLEMENT IS FAIR AND REASONABLE**

16 **A. Standard for Approval**

17 PAGA settlements must be "fair, reasonable, and adequate in view of PAGA's purposes to
18 remediate present labor law violations, deter future ones, and to maximize enforcement of state
19 labor laws." *Moniz v. Adecco USA, Inc.*, 72 Cal.App.5th 56, 77 (2021). The court must find that
20 the plaintiff "has adequately represented the state's interests, and hence the public interest." *Id.* at
21 89. The LWDA must be notified of the settlement and be given an opportunity to object. The court
22 may look to parallel class action guidelines to determine what is "fair, adequate and reasonable."
23 *Kullar v. Foot Locker Retail*, 168 Cal.App.4th 116, 126 (2008). In that analysis, the court has
24 "broad discretion in making this determination." *In re Microsoft I-V Cases*, 135 Cal.App.4th 706,
25 723 (2006). Relevant factors may include "the strength of the plaintiffs' case, the risk, expense,
26 complexity and likely duration of further litigation, ... the amount offered in settlement, the extent
27 of discovery completed and the stage of the proceedings, the experience and views of counsel, the
28

1 presence of a governmental participant” *Dunk v. Ford Motor Co.*, 48 Cal.App.4th 1794, 1801
2 (1996).

3 **B. The Settlement Meets the Standard for Approval**

4 Here, the \$300,000.00 Gross Settlement Amount is reasonable for a group of
5 approximately 529 employees. A penalty of \$300,000.00 is large enough to punish Defendant for
6 alleged past violations and deter future violations. The settlement amount is equivalent to a penalty
7 of about \$567.00 per employee. At the same time, the penalty amount is not so large as to be unjust,
8 oppressive or confiscatory, considering the company’s potential exposure explained below. The
9 Gross Settlement Amount is also reasonable in light of the facts of the foregoing action, the real
10 risk that no PAGA penalties would be paid, and inherent risks and uncertainties associated with
11 PAGA claims.

12 Plaintiff calculated the potential exposure at the initial violation rate of \$100.00 per pay
13 period as follows: 4,609 pay periods x \$100.00 per pay period is \$460,900.00. Loos Decl., ¶ 12. If
14 the Court stacked different types of penalties in each pay period, Plaintiff calculated the exposure
15 as follows:

- 16 a. 4,609 pay periods x \$100 per pay period x 100% violation rate = \$460,900.00
17 for rest break violations;
- 18 b. 4,609 pay periods x \$100 per pay period x 7.5% violation rate = \$34,567.50 for
19 meal period violations;
- 20 c. 4,609 pay periods x \$100 per pay period x 95.5% violation rate = \$440,159.50
21 for unpaid wages;
- 22 d. 4,609 pay periods x \$100 per pay period x 100% violate rate = \$460,900.00 for
23 unreimbursed business expenses.
- 24 e. 4,609 pay periods x \$100 per pay period x 100% violation rate = \$460,900.00
25 for waiting time penalties; and
- 26 f. 4,609 pay periods x \$100 per pay period x 100% violation rate = \$460,900.00
27 for wage statement penalties.
- 28

1 *Id.* Defendant raised a number of arguments during settlement negotiations and provided evidence
2 that could have defeated Plaintiff's claims. *Id.* at ¶ 13. For example, Defendant argued that meal
3 periods and rest breaks were incorporated into the employees' schedules and were thus permitted
4 and encouraged by the company. *Id.* Moreover, Defendant cited policy documents and argued that
5 it maintained compliant written meal period policies. *Id.* Plaintiff also alleged Defendant failed to
6 reimburse necessary business expenses by requiring employees to use personal phones for work-
7 related purposes. *Id.* However, Defendant responded by stating that employees were not required
8 to use their own cell phones, but did so out of convenience for the employees. *Id.*

9 Another crucial factor in evaluating the value of a PAGA-only case is that all PAGA
10 awards are discretionary and can be reduced by the Court. Loos Decl., ¶ 14. Under Labor Code §
11 2699(e)(2), the Court can reduce the PAGA penalties "if, based on the facts and circumstances of
12 the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive,
13 or confiscatory." In other words, were this matter to go to trial, any award granted would be at the
14 discretion of the Court. *Id.* In settling this case, Plaintiff recognizes that, although she believes
15 there would be no persuasive grounds to reduce the penalties, the Court could determine otherwise
16 and significantly reduce the PAGA penalties, especially with such a small employer. *Id.* The wide
17 range of potential recovery and the additional delays and risks of trial justified settling for a
18 reasonable amount of recovery. *Id.*

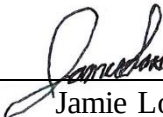
19 **VI. CONCLUSION**

20 For the foregoing reasons, Plaintiff requests the Court approve the proposed settlement
21 pursuant to PAGA in this Action.

22
23 Dated: November 20, 2024

AEGIS LAW FIRM, PC

24
25 By _____



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