

EXHIBIT B

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO**

DEBRA SCHIPANI, On Behalf of the State of
California and Aggrieved Employees,

Plaintiff,

v.

APFS, LLC d/b/a/ ADDISON
PROFESSIONAL
FINANCIAL SEARCH,

Defendant.

Case No: CGC-25-623366

**DECLARATION OF MICHAEL A.
JOSEPHSON IN SUPPORT OF
PLAINTIFF'S MOTION FOR
APPROVAL OF PAGA SETTLEMENT**

Action Filed: Mar. 17, 2025

Trial Date: TBD

Pursuant to California Code of Civil Procedure section 2015.5, Michael A. Josephson hereby declares as follows:

1. My name is Michael A. Josephson, and the facts contained in this declaration are within my personal knowledge and are true and correct.
2. This Declaration is submitted in support of Plaintiff's Motion for Approval of PAGA Settlement in *Debra Schipani v. APFS, LLC d/b/a Addison Professional Financial Search*, Case No. CGC-25-623366, pending in the Superior Court of the State of California for the County of San Francisco.

Plaintiff's Counsel's Professional Background and Experience

3. I am the managing partner at Josephson Dunlap, LLP ("JD"). JD is one of the preeminent plaintiff-oriented employment law firms in the country. Since its inception, JD has been lead counsel and/or held positions of substantial responsibility on steering committees in class and collective actions concerning wage and hour violations against numerous Fortune 500 companies. All of JD's attorneys are experienced trial lawyers, with active dockets in state and federal courts and arbitrations throughout the country.

- 1 4. I am licensed to practice in Texas and Pennsylvania. I have been practicing civil litigation
2 continuously since being admitted to the Texas Bar in December 2000. I have practiced
3 law and been admitted in courts located throughout Alabama, Alaska, Arizona, Arkansas,
4 California, Colorado, Connecticut, Delaware, District of Columbia (D.C.), Florida,
5 Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan,
6 Mississippi, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina,
7 North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, and
8 Washington.
- 9
- 10 5. All of my professional time is devoted to challenging illegal wage and hour practices on
11 behalf of current and former workers. My practice has been a “hands-on” approach;
12 meaning that I personally perform the case work in all stages of the litigation, from drafting
13 of the initial complaint to discovery and motion matters, trial and appeal, if necessary.
14 When appropriate, my partners and several associates will assist me in various capacities
15 and under my direct supervision. This “hands-on” approach has produced very favorable
16 results in difficult and complex cases that have required a substantial amount of time,
17 money, and effort.
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- 19 6. I estimate that I have been the attorney of record as either lead counsel or co-counsel in
20 over 1,700 class and collective actions or individual cases seeking damages for unpaid
21 overtime and wages based on allegations that employees worked off the clock, were
22 misclassified, or were victims of regular rate and/or technical violations of both state and
23 federal wage laws. These cases were handled on a contingency basis in which I received a
24 percentage of the recovery and advanced the costs of litigation. I estimate that I have
25 represented tens of thousands of employees over the years and have been involved in
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1 litigating cases in almost every major industry, including national food processors,
2 retailers, staffing companies, healthcare providers, government agencies, call centers,
3 chemical plants, oil and gas operators, technical companies, stadium service providers, and
4 litigation service companies. In my practice I have litigated cases on behalf of workers in
5 wage and hour class and collective actions and arbitrations against the most respected
6 employment litigation firms in the United States.

7
8 7. In this matter I was assisted by the following attorneys:

- 9 a. Alyssa White, an associate at my office, has worked with me practicing wage and
10 hour law since May 2022 at JD. Ms. White was licenses by the State of Texas in
11 2011. Ms. White has represented hundreds of workers in class and collective
12 actions across the nation and has been instrumental in securing millions of dollars
13 of settlements for her clients. In addition to Texas, she is licensed in the U.S. Central
14 District of Illinois, Eastern and Western Districts of Michigan, District of New
15 Mexico, Western District of Pennsylvania, and the Southern and Western Districts
16 of Texas. Likewise, she has been admitted pro hac vice in courts across the country,
17 including California, Florida, Louisiana, Maryland, Massachusetts, Ohio, and many
18 others.
19

- 20 8. I have been personally involved in this litigation since its inception. I, or my associates
21 under my direct supervision, have been responsible for drafting virtually all of the
22 pleadings, correspondence, discovery, and related documents filed and exchanged during
23 this litigation. I am deeply familiar with all relevant facts, legal issues, and potential
24 damages at issue in this case.
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1 9. Either myself, one of my associates under my direct supervision, or co-counsel, have been
2 personally involved in the litigation from the early days of the case through settlement.
3 This includes reviewing client intake notes and interviews, analyzing Defendant's pay and
4 classification policies, reviewing payroll records and employment data produced by
5 Defendant, calculating potential damages scenarios for the California PAGA claims,
6 corresponding and conferring with Defense Counsel, preparing for and attending two full-
7 day mediation sessions, conducting arm's-length settlement negotiations, and drafting and
8 negotiating the long-form Settlement Agreement. There will also be work to come to bring
9 the settlement to completion, including submitting the requisite LWDA notice, filing the
10 approval papers, and working with the Settlement Administrator to ensure timely
11 distribution of settlement payments to the PAGA Employees.
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13 **Factual and Procedural Background**

14 10. This PAGA action arises out of Defendant APFS, LLC d/b/a Addison Group's alleged
15 misclassification of up to 50 California-based recruiters as exempt administrative
16 employees. Plaintiff alleges that as a result of this misclassification, Defendant failed to
17 pay overtime compensation, failed to provide compliant meal and rest periods, failed to
18 pay all wages upon termination, and failed to provide accurate itemized wage statements,
19 in violation of the California Labor Code and applicable Wage Orders.
20

21 11. On January 9, 2025, Plaintiff's counsel filed the required PAGA Notice with the California
22 Labor and Workforce Development Agency ("LWDA") and Defendant pursuant to Labor
23 Code section 2699.3(a), providing notice of the alleged violations. The LWDA did not
24 elect to investigate, permitting Plaintiff to proceed with this representative action.
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1 12. On March 17, 2025, Plaintiff filed her Complaint in this action in the San Francisco
2 Superior Court. Thereafter, on April 14, 2025, Defendant filed its Answer denying all
3 allegations. On March 19, 2025, Plaintiff's Counsel submitted a file-stamped copy of the
4 Complaint to the LWDA, within 10 days of commencement of this action, pursuant to
5 Labor Code section 2699(s)(1).

6 13. Prior to and in preparation for mediation, the Parties agreed to stay this Action to facilitate
7 productive settlement discussions. In connection with the mediation, Defendant provided
8 relevant company policies, time records, payroll records, and wage statements for Plaintiff
9 and the PAGA Employees. This exchange of information was comprehensive and enabled
10 the Parties to sufficiently assess the strengths and weaknesses of their respective positions.
11

12 14. Plaintiff's Counsel conducted a thorough analysis of the data produced, developing
13 damages models for the California PAGA claims at issue, including overtime, meal and
14 rest periods, wage statement violations, and related penalties. These models were used to
15 evaluate the realistic value of the PAGA claims against Defendant and to guide the
16 mediation strategy.
17

18 15. Plaintiffs Counsel's analysis of the pay and time period data Defendant produced yielded
19 a non-stacked estimate of Defendant's PAGA civil-penalty exposure. That data reflects
20 1,784 employee pay periods for the aggrieved California employees during the PAGA
21 period, from January 9, 2024 through March 28, 2025. To assess the exposure, Counsel (a)
22 used the \$50 initial-violation civil penalty under Labor Code § 558 as the baseline rate,
23 rather than the \$100 default penalty; (b) treated the alleged wage-and-hour violations as a
24 single penalty event per affected pay period rather than separately stacking the overtime,
25 meal-and-rest, wage-statement, and derivative penalties; and (c) applied the one-half
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1 reduction for employers with weekly pay periods under Labor Code § 2699(o), for an
2 effective penalty of \$25 per employee, per pay period. On that basis, Counsel estimates the
3 estimated PAGA civil-penalty exposure at approximately \$44,600 (1,784 pay periods x
4 \$25). The proposed \$25,000 Gross Settlement Amount represents approximately 56% of
5 that conservative estimate of maximum exposure, and a substantially greater share of any
6 realistic, risk-adjusted recovery once the litigation risks described below are taken into
7 account.
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9 16. The Parties participated in two full-day mediation sessions, held on April 28, 2025, and
10 May 21, 2025, before Dennis A. Clifford, Esq., an experienced mediator with significant
11 expertise in wage-and-hour collective, class, and PAGA matters. The mediation sessions
12 involved extensive, arm's-length negotiations. Although the Parties did not reach
13 agreement during the sessions themselves, they continued to negotiate with the mediator's
14 assistance and ultimately accepted a mediator's proposal, reaching an agreement in
15 principle to resolve this Action. The Parties thereafter negotiated and finalized the PAGA
16 Settlement Agreement on May 23, 2026, which is now presented to this Court for approval.
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18 **The Proposed Settlement**

19 17. The settlement submitted to this Court for approval is fair and reasonable and should be
20 approved. The proposed PAGA settlement provides for a Gross Settlement Amount of
21 \$25,000.00, which is non-reversionary and represents Defendant's sole and maximum
22 obligation for the PAGA claims. As set forth in the Memorandum of Points and Authorities
23 filed concurrently herewith, the proposed settlement reflects a reasonable compromise of
24 genuinely disputed claims in light of significant litigation risks, including Defendant's
25 misclassification defense.
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1 18. Defendant's misclassification defense is credible. Whether an employee is properly
2 classified under California's administrative exemption turns on a fact-intensive assessment
3 of the employee's actual, day-to-day duties. A California factfinder could credit
4 Defendant's position that the recruiters were primarily engaged in exempt administrative
5 work involving the exercise of discretion and independent judgment with respect to matters
6 of significance, an inquiry that the applicable IWC Wage Order requires be evaluated on
7 its own terms. A defense verdict on the exemption issue, even a partial one, could
8 substantially reduce or eliminate the PAGA penalty exposure in this action.
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10 19. Even assuming Plaintiff prevailed on liability, there is a material risk that the Court would
11 exercise its discretion under Labor Code section 2699(e)(2) to reduce the PAGA penalty
12 award if it found the full amount to be unjust, arbitrary, oppressive, or confiscatory. Courts
13 have significantly reduced PAGA penalties where employers demonstrated good-faith
14 compliance efforts or where the applicable law was genuinely unsettled.
15

16 20. Taking these risks into account, along with the costs and delays of continued litigation, I
17 believe the proposed \$25,000 PAGA settlement is a fair, adequate, and reasonable
18 compromise that serves PAGA's purposes of remediating present labor law violations,
19 deterring future ones, and maximizing enforcement of California labor law.
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21 21. The settlement was reached through a rigorous, arm's-length process involving two full-
22 day mediation sessions before an experienced and respected mediator, followed by a
23 mediator's proposal that the Parties accepted. This process strongly supports the fairness
24 of the result. In my experience litigating hundreds of wage and hour class, collective, and
25 PAGA actions, the proposed settlement falls well within the range of reasonableness given
26 the litigation risks present here.

Plaintiff's Counsel's Attorney's Fees, Costs, and Service Award

22. The settlement provides for \$8,250.00 in attorneys' fees (33% of the \$25,000.00 Gross Settlement Amount) and up to \$2,230.00 in litigation costs.

23. In support of the fee request, I have attached the firm's billing records as Exhibit 1. As of the date of this declaration, my firm has expended approximately 47.00 hours in connection with this matter, with a total lodestar value of approximately \$17,320.00. The billing records (modified to remove privileged work product-related information) reflect extensive work performed in investigating and prosecuting this PAGA action, including analyzing payroll data and policies, developing California-specific PAGA damages models, preparing for and attending two full-day mediation sessions, and negotiating and finalizing the PAGA Settlement Agreement and associated approval papers.

24. The requested fee of \$8,250.00 (33% of the Gross Settlement Amount) results in a lodestar negative multiplier of approximately 0.4763, which is well within the range approved by California courts. A one-third percentage fee is consistent with contingency fee contracts in the legal marketplace and with awards in other PAGA representative actions. In my experience, firms operating on a contingency basis in similar cases most often seek attorney fees in the range of 33% to 40%. This does not result in any windfall or undue bonus. A lawyer who assumes the full risk of loss on a contingency basis rightfully expects compensation commensurate with that risk.

25. The litigation costs of up to \$2,230.00 are also reasonable. The expenses were recorded in the firm's expense software and include, among other things: (1) the LWDA filing fee; (2) court filing fees; (3) process service fees; and (4) costs associated with the mediation

1 proceedings. I believe that the expenses incurred were necessary for the prosecution of this
2 matter.

3 26. I also request that the Court approve a service award of \$2,500.00 to Plaintiff Debra
4 Schipani. This payment is intended to recognize Plaintiff's initiative, personal contribution,
5 and efforts on behalf of the State of California and the PAGA Employees. Ms. Schipani
6 assisted Counsel in the investigation of this matter, provided documents and information
7 regarding Defendant's pay practices, and was available throughout the litigation and
8 settlement process. The risks she assumed in bringing this representative action and the
9 benefits she helped secure for the LWDA and for the aggrieved employees warrant this
10 recognition.
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12 27. I further request that the Court approve settlement administration costs of up to \$4,850.00
13 to ILYM Group, Inc. ILYM is an experienced, neutral settlement administrator that
14 regularly administers wage-and-hour settlements in California. Its anticipated fees for the
15 PAGA component do not exceed \$4,850.00, which is reasonable based on the scope of
16 administration required.
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18 28. In reaching the settlement and the distribution of funds set forth herein, I have not
19 participated in any fraud or collusion, nor am I aware of any fraud or collusion on the part
20 of anyone involved in securing the settlement. Counsel has not entered into any side
21 agreements or other arrangements regarding attorney's fees and costs aside from the terms
22 set forth in the Settlement Agreement.
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24 I declare under penalty of perjury under the laws of the State of California that the foregoing is
25 true and correct.
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Signed on August 31, 2026

/s/ Michael A. Josephson

Michael A. Josephson

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