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

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

14 Plaintiff,

15 v.

16 APFS, LLC d/b/a/ ADDISON
17 PROFESSIONAL
18 FINANCIAL SEARCH,

19 Defendant.

Case No: CGC-25-623366

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

Date: TBD

Time: TBD

Department: TBD

Action Filed: Mar. 17, 2025

Trial Date: TBD

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I. INTRODUCTION

This is an enforcement action under the Private Attorneys General Act of 2004, Labor Code § 2698, et seq. (“PAGA”) to recover civil penalties on behalf of Plaintiff Debra Schipani (“Schipani” or “Plaintiff”), the State of California, and up to 50 current and former salaried recruiters who worked for APFS, LLC d/b/a Addison Group (“Addison” or “Defendant”) in the State of California during the PAGA Period from January 9, 2024 through the present.

The Parties have reached a settlement that effectuates the purposes of PAGA. *See* Ex. A, Settlement Agreement. Pursuant to Labor Code § 2699, Plaintiff now seeks court approval of the proposed settlement on the terms set forth in the “PAGA Settlement Agreement and Release” (“Settlement Agreement”). Subject to this Court’s approval, the Parties have agreed to settle all PAGA claims according to the following allocations (Ex. A, Settlement Agreement § III):

Gross Settlement Fund	\$25,000.00
Plaintiff’s Counsel’s Fees (33%)	\$8,250.00
Plaintiff’s Counsel’s Litigation Costs	\$2,230.00
Settlement Administration Costs (ILYM Group)	\$4,850.00
Service Award to Plaintiff	\$2,500.00
Civil Penalties under the PAGA to be distributed to the LWDA (65%)	\$4,660.50
Civil Penalties under the PAGA to be distributed to the PAGA Settlement Members (35%)	\$2,509.50

Plaintiff submits that the proposed settlement is fair, adequate, and reasonable, and meets the requirements for Court approval. Ex. B, Josephson Decl. ¶ 17. Plaintiff respectfully requests that this Court approve the settlement, the requested attorney’s fees and costs, the service award, and the administration costs, and enter judgment accordingly.

1 **II. FACTUAL AND PROCEDURAL BACKGROUND**

2 Defendant Addison is a national staffing and recruiting firm. Plaintiff Schipani worked for
3 Defendant as a recruiter in the State of California. Plaintiff alleges that Defendant misclassified
4 her and approximately 50 other California-based recruiters as exempt administrative employees,
5 thereby failing to pay them overtime compensation and failing to provide compliant meal and rest
6 periods, in violation of the California Labor Code and applicable Wage Orders. Ex. B, Josephson
7 Decl. ¶ 10.
8

9 On January 9, 2025, Plaintiff provided written notice to the California Labor and
10 Workforce Development Agency (“LWDA”) and to Addison pursuant to Labor Code § 2699.3(a)
11 of her intention to seek civil penalties under PAGA. Exhibit B, Josephson Decl. ¶ 10. More than
12 sixty-five days passed without the LWDA providing notice of its intention to investigate. *Id.*
13 Plaintiff thereafter filed the Complaint on March 17, 2025, alleging that Addison’s uniform exempt
14 misclassification scheme caused the following Labor Code violations as to Schipani and all
15 aggrieved California employees:
16

- 17 1. Failure to pay overtime and double-time wages (Lab. Code §§ 510, 1194, 1198, IWC
18 Wage Order No. 4-2001);
- 19 2. Failure to authorize and permit compliant meal periods and failure to pay meal period
20 premium wages (Lab. Code §§ 226.7, 512);
- 21 3. Failure to authorize and permit compliant rest periods and failure to pay rest period
22 premium wages (Lab. Code § 226.7);
- 23 4. Failure to provide accurate itemized wage statements (Lab. Code §226)
- 24 5. Failure to timely pay wages upon separation of employment (Lab Code §§ 201-203);
25 and
26 6. Failure to timely pay wages during employment (Lab. Code §§ 204, 1194.2).

1 See Ex. B, Josephson Decl. ¶ 11. On April 14, 2025, Addison filed its Answer denying all
2 allegations. *Id.*

3 Prior to and in preparation for mediation, Plaintiff’s Counsel conducted an extensive
4 investigation into Plaintiff’s claims. Ex. B, Josephson Decl. ¶ 14. The Parties agreed to stay this
5 Action to facilitate productive settlement discussions. In connection with mediation efforts,
6 Defendant provided relevant company policies, time records, payroll records, and wage statements
7 for Plaintiff and the PAGA Employees. Ex. B, Josephson Decl. ¶ 13. This exchange of information
8 was comprehensive and enabled the Parties to sufficiently assess the strengths and weaknesses of
9 their respective positions. Plaintiff’s Counsel analyzed the data produced, including pay records
10 for the approximately 50 aggrieved California employees covering the PAGA Period beginning
11 January 9, 2024. Plaintiff’s Counsel developed damages models for each of the claims at issue
12 including, overtime, meal and rest periods, wage statements, and waiting time penalties, which
13 were used to evaluate the realistic value of the PAGA claims and to guide the mediation strategy.
14 Ex. B, Josephson Decl. ¶¶ 13-15.

15
16 The Parties participated in two full-day mediation sessions—on April 28, 2025, and May
17 21, 2025—before Dennis A. Clifford, Esq., a well-respected mediator with substantial expertise in
18 wage and hour collective and class actions. Ex. B, Josephson Decl. ¶ 16. The mediation sessions
19 involved extensive, arm’s-length negotiations. *Id.* Although the Parties did not reach agreement
20 during the sessions themselves, they continued negotiating with the mediator’s assistance and
21 ultimately accepted a mediator’s proposal, reaching an agreement in principle to resolve this
22 Action on July 9, 2025. *Id.*

23
24 The Parties thereafter memorialized the settlement terms in the *Private Attorneys General*
25 *Act Settlement and Release* (the “Agreement”), which is attached as Exhibit A. As required by
26

1 Labor Code § 2699(s)(2), the Agreement has been submitted to the LWDA concurrently with the
2 filing of this Motion. Ex. B, Josephson Decl. ¶ 28.

3 **III. TERMS OF THE PROPOSED SETTLEMENT AGREEMENT**

4 The essential Settlement terms are as follows:

5 **A. Settlement Sum**

6 The Parties have agreed to a non-reversionary Gross Settlement Amount of \$25,000.00.
7 Defendant will pay this amount as the sole and maximum amount required under the Settlement
8 Agreement, inclusive of attorney's fees, costs, the service award, and settlement administration
9 expenses. Ex. A, Settlement Agreement § III.2.

11 **B. Attorneys' Fees, Costs, and PAGA Service Award**

12 Subject to the Court's approval, Plaintiff's Counsel will apply for an award of attorney's
13 fees in the amount of \$8,250.00 (33% of the Gross Settlement Amount) and litigation costs up to
14 \$2,230.00. Ex. A, Settlement Agreement § III.3.a; Ex. B, Josephson Decl. ¶ 22. Plaintiff's Counsel
15 will also seek a service award of \$2,500.00 for Plaintiff in recognition of her service in this action.
16 Ex. A, Settlement Agreement § III.3.c; Ex. B, Josephson Decl. ¶ 26. Defendant does not oppose
17 any of these amounts.

19 **C. PAGA Civil Penalties**

20 The total sum available for payment of PAGA penalties shall be calculated by deducting
21 the attorneys' fees and costs awarded, the enhancement award, and administration costs from the
22 Gross Settlement Sum (the "Net Settlement Amount"). Of the Net Settlement Amount, 65% shall
23 be distributed to the LWDA ("LWDA Payment") and the remaining 35% shall be distributed to
24 the PAGA Employees. Ex. A, Settlement Agreement § III.4.

26 Under these terms, Defendant will pay a total of \$7,170.00 penalties under the PAGA,
Labor Code § 2698 *et seq.* With \$4,660.50 or 65% of this sum shall be distributed to the LWDA

1 and \$2,509.50 or 35% to the PAGA Employees.

2 **D. Released Claims**

3 The release is limited to PAGA claims that were or could have been asserted based on the
4 facts alleged in the Action for the PAGA Period. Specifically, the release encompasses PAGA
5 civil penalty claims based on: (1) misclassification of non-exempt employees as exempt; (2) failure
6 to pay overtime wages; (3) failure to pay minimum wage; (4) failure to provide meal periods; (5)
7 failure to authorize and permit rest periods; (6) failure to pay all wages upon termination; (7) failure
8 to provide accurate wage statements; and (8) failure to timely pay wages during employment;
9 including claims under Labor Code §§ 201–203, 204, 210, 218.5, 218.6, 221–224, 226, 226.3,
10 226.7, 510, 512, 558, 1174, 1194, 1194.2, 1195, 1197, 1198, and 1199, and California Code of
11 Civil Procedure § 1021.5. Ex. A, Settlement Agreement § I.15.

12
13 Consistent with *Kim v. Reins Int’l California, Inc.*, 9 Cal. 5th 73, 87 (2020), the release
14 does not extinguish any PAGA Employee’s individual claims for damages under the Labor Code—
15 only the representative PAGA claims for civil penalties are released.
16

17 **E. Distribution of the Net PAGA Settlement Amount**

18 The Individual PAGA Payments (35% of the Net Settlement Amount) shall be distributed
19 pro rata to the PAGA Employees based on each employee’s proportionate share of pay periods
20 worked during the PAGA Period. Ex. A, Settlement Agreement § III.4.a. PAGA Employees are
21 not required to submit a claim form because the checks will be mailed automatically. *See Id.*
22 Checks will remain negotiable for 180 days. Funds represented by checks that are returned as
23 undeliverable after re-mailing, or that remain uncashed after 180 days, will escheat to the
24 California State Controller’s Office Unclaimed Property Fund in the name of the respective PAGA
25 Employee. Ex. A, Settlement Agreement § V.8.b.
26

1 **F. Settlement Administration**

2 The Parties have agreed that ILYM Group, Inc. (“ILYM” or “Settlement Administrator”)
3 will administer the settlement. Ex. B, Josephson Decl. ¶ 27. ILYM’s anticipated fees and costs
4 shall not exceed \$4,850.00, which will be deducted from the Gross Settlement Amount. ILYM
5 will establish a Qualified Settlement Fund, calculate Individual PAGA Payments, distribute
6 checks, conduct address searches for undeliverable mail, issue required IRS Form 1099s, and
7 perform all other administrative duties. Ex. A, Settlement Agreement § V.1–3; Ex. B, Josephson
8 Decl. ¶ 27.
9

10 **IV. LEGAL STANDARD**

11 The settlement of a PAGA claim requires court approval. Cal. Lab. Code § 2699(s)(2). In
12 reviewing a PAGA settlement, the court must determine whether the proposed settlement is “fair,
13 reasonable, and adequate in relation to ‘PAGA’s purposes to remediate present labor law
14 violations, deter future ones, and to maximize enforcement of state labor laws.’” *Moniz v. Adecco*
15 *USA, Inc.*, 72 Cal. App. 5th 56, 60 (2021).
16

17 When reviewing a PAGA-only settlement, courts do not consider the value of individual
18 claims for damages because a PAGA settlement does not release those claims. *Kim v. Reins Int’l*
19 *California, Inc.*, 9 Cal.5th 73, 87 (2020); *ZB, N.A. v. Superior Court*, 8 Cal.5th 175, 188 (2019).
20 “The state’s interest in such an action is to enforce its laws, not to recover damages on behalf of a
21 particular individual.” *Huff v. Securitas Sec. Servs., USA, Inc.*, 23 Cal.App.5th 745, 760. The goal
22 of PAGA enforcement is to achieve “maximum compliance with state labor laws.” *Id.* at 756; *see*
23 *also Iskanian v. CLS Transp. Los Angeles, LLC*, 59 Cal.4th 348, 383 (2014).
24

25 A PAGA settlement is also subject to specific procedural requirements, each of which is
26 satisfied here. The proposed settlement must be submitted to the LWDA at the same time it is

submitted to the Court so that the agency may evaluate the disposition of the State's claims. Cal. Lab. Code § 2699(s)(2). Plaintiff has done so. Ex. B, Josephson Decl. ¶ 28. Moreover, because a PAGA claim is a representative enforcement action brought on behalf of the State rather than a class action, no class certification and no class-style notice is required to approve this PAGA-only settlement. See *Arias v. Superior Court*, 46 Cal. 4th 969, 975, 980-87 (2009) (PAGA representative claims need not satisfy class-action requirements). The Net Settlement Amount will instead be distributed automatically, without any claim form, to the LWDA and to each aggrieved employee based on pay periods worked during the PAGA Period. Ex. A, Settlement Agreement §§ III.4.a, V.7.b.

V. THE PROPOSED PAGA SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE IN VIEW OF PAGA'S PURPOSE

Plaintiff requests that this Court approve the Settlement because it is fair, reasonable, and adequate in relation to PAGA's purposes. *Moniz*, 72 Cal. App. 5th at 60; Ex. B, Josephson Decl. ¶¶ 17-21.

A. Claims Valuation

The amount offered in this PAGA Settlement is fair, adequate, and reasonable in light of Plaintiff's maximum expected recovery and the risks of litigation. Plaintiff's Counsel evaluated the realistic recovery based on: (1) the court's discretion to reduce any PAGA verdict that is unjust, arbitrary, oppressive, or confiscatory, and (2) the strength of Plaintiff's claims and Defendant's defenses. See Cal. Lab. Code § 2699(e)(2); Ex. B, Josephson Decl. ¶¶ 17-18.

Plaintiff's Counsel analyzed the pay and time data for the aggrieved California employees. The data reflects 1,784 employee pay-period combinations during the PAGA Period, from January 9, 2024 through March 28, 2025. Based on that data, Plaintiff's Counsel using the \$50 initial violation civil penalty under Labor Code § 558 as the baseline rate. See *Carrington v. Starbucks*

1 *Corp.*, 30 Cal. App. 5th 504, 528 (2018) (applying CA Code § 558’s \$50 initial violation penalty
2 to meal-period violations). In doing so, Plaintiff’s Counsel treated the alleged violations as a single
3 penalty event per affected pay period. Then Plaintiff’s Counsel applied the one-half reduction for
4 employers with weekly pay periods pursuant to Labor Code § 2699(o), for an effective penalty of
5 \$25 per employee, per pay period. On that basis, the estimated maximum PAGA civil-penalty
6 exposure at approximately \$44,600. The \$25,000 gross settlement amount represents a 56%
7 recovery. Ex. B, Josephson Decl. ¶ 15.

8
9 **1. The Risk Associated with Proving Defendant’s Liability and**
10 **Applicable Discounts**

11 Under Wage Order No. 4-2001, all employees are considered "non-exempt" unless the
12 employer can establish that the employee meets the requirements for exempt status. California
13 IWC Wage Order No. 4 exempts certain employees from the overtime and meal and rest break
14 requirements of California Labor Code or applicable wage order. These exemptions are known as
15 executive, administrative, and professional exemptions. Each of these exemptions requires (1) that
16 the employee primarily perform duties which meet the test of exemption, set forth in IWC Wage
17 Order No. 4, §§ 2(a) (“Exempt Duties”) and (g) also earn a monthly salary equivalent to no less
18 than two (2) times the state minimum wage for full-time employment.

19 Plaintiff alleges that Defendant misclassified up to 50 California recruiters as exempt
20 administrative employees, resulting in unpaid overtime, noncompliant meal and rest periods,
21 inaccurate wage statements, and related violations. Plaintiff’s claims are strongly contested, and
22 establishing Defendants’ liability and damages on a representative basis carries significant risk
23 due to various legal uncertainties as outlined below. Ex. B, Josephson Decl. ¶ 10.

24
25 **2. Failure to Pay Overtime**
26

Under California law, non-exempt employees must be paid overtime for all hours over 8

1 in a day or 40 in a week. Cal. Lab. Code § 510. The PAGA civil penalty for an initial overtime
2 violation under Labor Code § 558 is \$50 per underpaid employee per pay period; subsequent
3 violations carry \$100 per employee per pay period. As set forth above, applying the \$50 § 558
4 initial-violation rate to the 1,784 employee pay periods reflected in Defendant’s data, and reducing
5 the penalty by one-half to account for Defendant’s weekly pay periods, yields an estimated
6 \$44,600 in PAGA civil-penalty exposure across the wage-and-hour theories alleged. Ex. B,
7 Josephson Decl. ¶ 15.

8
9 However, Defendant’s exemption defense presents genuine and significant litigation risk.
10 Whether an employee is properly classified under California’s administrative exemption is a fact-
11 intensive inquiry that depends on the employee’s actual, day-to-day duties, and misclassification
12 questions of this kind are frequently found unsuitable for resolution as a matter of law. *See Harris*
13 *v. Superior Ct.*, 53 Cal. 4th 170, 180-183 (2011). A California fact-finder could credit Defendant’s
14 position that the recruiters primarily performed exempt administrative work involving the exercise
15 of discretion and independent judgment, and even a partial defense verdict on the exemption issue
16 could substantially reduce or eliminate Defendant’s PAGA penalty exposure. Ex. B, Josephson
17 Decl. ¶¶ 18-21. Additionally, Defendant could argue that any non-compliance was unintentional
18 and in good faith, providing grounds for the Court to reduce penalties under Labor Code §
19 2699(e)(2).
20

21 **3. Failure to Provide Compliant Meal and Rest Periods**

22 Labor Code § 512 states: “An employer may not employ an employee for a work period of
23 more than five hours per day without providing the employee with a meal period of not less than
24 30 minutes.” Cal. Lab. Code § 512. Labor Code § 226.7(c) reads: “If an employer fails to provide
25 an employee a meal or rest or recovery period in accordance with a state law . . . the employer
26 shall pay the employee one additional hour of pay at the employee’s regular rate of compensation

1 for each workday that the meal or rest or recovery period is not provided.” Cal. Lab. Code § 226.7.
2 Under Paragraph 12 of Wage Order No.12, “[e]very employer shall authorize and permit all
3 employees to take rest periods, which insofar as practicable shall be in the middle of each work
4 period. The authorized rest period time shall be based on the total hours worked daily at the rate
5 of ten (10) minutes net rest time per four (4) hours or major fraction thereof.

6 Here, Plaintiff contends that Defendant violated Labor Code § 512 by misclassifying them
7 as exempt and denying them the opportunity to take 30-minute meal periods and 10-minute rest
8 breaks. However, because the meal and rest break claims derive directly from the same
9 misclassification theory as the overtime claim, they are subject to the same core litigation risks.
10 Moreover, Defendant may argue that the California recruiters had the practical ability to take meal
11 and rest periods and that any non-compliance resulted from the employees’ own choices, which
12 would defeat these claims regardless of the classification outcome. The same risk-adjusted
13 discounts applied to the overtime claim apply with equal force here. See Ex. B, Josephson Decl.
14 ¶¶ 19-20.
15

16 17 **4. Wage Statement Claims**

18 Plaintiff’s wage statement claim is derivative of the underlying overtime and break
19 premium claims. Because Labor Code § 226(e)(1) requires a showing that the employer
20 “knowingly and intentionally” failed to provide compliant wage statements, Defendant will assert
21 that it had a good-faith, reasonable belief that its wage statements were accurate. In *Naranjo v.*
22 *Spectrum Sec. Servs., Inc.*, 15 Cal. 5th 1056, 1065 (2024), the California Supreme Court held that
23 such a good-faith belief defeats knowing and intentional liability under § 226(e)(1). Given
24 Defendant’s assertion that it reasonably believed the recruiters were exempt—a belief that at least
25 one court has found to be genuinely debatable—the wage statement claim faces a meaningfully
26 higher litigation risk than the underlying claims. See Ex. B, Josephson Decl. ¶¶ 19-20.

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Weighing these material litigation risks against the estimated exposure of approximately \$44,600, Plaintiff's Counsel believes the proposed \$25,000 PAGA gross settlement—approximately 56% of that estimated exposure—represents a fair and reasonable compromise of the California PAGA claims. *See* Ex. B, Josephson Decl. ¶¶ 17-21.

“In evaluating a settlement agreement, the standard is not the maximum potential recovery but rather whether the settlement is reasonable under the circumstances.” *Wershba v. Apple Computer, Inc.*, 91 Cal. App. 4th 224, 250 (2001). Here, given the inherent risks in establishing Plaintiff’s liability on a representative basis for all PAGA Employees, Plaintiff’s Counsel argues the settlement amount is fair, reasonable, and adequately serves PAGA’s goals: to redress existing labor law violations, deter future violations, and enforce California labor laws. *See Moniz*, 72 Cal. App. 5th at 60; Ex. B, Josephson Decl. ¶¶ 20-21.

11

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

1 day mediation sessions with an experienced and respected mediator, followed by a mediator's
2 proposal that the Parties accepted on July 9, 2025. Ex. B, Josephson Decl. ¶ 16. The settlement
3 was specifically valued to reflect the California-specific PAGA penalty exposure at issue in this
4 Action, including the misclassification, overtime, meal and rest period, wage statement, and
5 derivative penalty claims. Plaintiff's Counsel conducted a damages analysis of the payroll and time
6 records Defendant produced, which informed a realistic assessment of the value of the PAGA
7 claims and guided the negotiations. Plaintiff's Counsel's analysis estimates the maximum PAGA
8 civil-penalty exposure at approximately \$44,600. The proposed \$25,000 gross settlement thus
9 represents approximately 56% of that exposure, and a substantially greater share of any realistic,
10 risk-adjusted recovery after accounting for Defendant's exemption and good-faith defenses and
11 the Court's discretion to reduce penalties. Ex. B, Josephson Decl. ¶ 15. *See Wershba*, 91 Cal. App.
12 4th at 250. The manner in which the settlement was reached, including two mediations, a
13 mediator's proposal, and arm's length negotiation of the final agreement, demonstrates the fairness
14 of the result. Ex. B, Josephson Decl. ¶¶ 17-21.

15
16
17 The proposed settlement will deliver meaningful civil penalties to the State of California
18 (65% of the Net Settlement Amount to the LWDA) and provide aggrieved employees with their
19 proportionate share (35%), while eliminating the risk, delay, and expense of continued litigation.
20 The settlement is non-reversionary, ensuring the full Gross Settlement Amount benefits the
21 LWDA, the aggrieved employees, and the administration of the settlement, with uncashed checks
22 escheating to the California Controller's Office Unclaimed Property Fund. This structure is
23 consistent with PAGA's enforcement purpose and warrants this Court's approval.

24 **VI. THE REQUESTED ATTORNEYS' FEES, COSTS, AND SERVICE AWARD ARE REASONABLE**

25 As an aggrieved employee, Plaintiff is entitled to recover attorney's fees and costs in an
26 action for civil penalties under Labor Code § 2699(g)(1) ("[a]ny employee who prevails in [a civil

1 action pursuant to the procedures specified in § 2699.3] shall be entitled to an award of reasonable
2 attorney’s fees and costs.”). An award of attorneys’ fees can be calculated as a percentage of a
3 common fund. *Laffitte v. Robert Half International, Inc.*, 1 Cal. 5th 480 (2016).

4 The California Supreme Court recognized that the common fund doctrine has been applied
5 “consistently in California when an action brought by one party creates a fund in which other
6 persons are entitled to share.” *City & Cty. of S.F. v. Sweet*, 12 Cal. 4th 105, 110 (1995).
7 Contingency fee contracts in the legal marketplace typically range from 33% to 40% of the total
8 recovery. *See Chavez v. Netflix, Inc.*, 162 Cal. App. 4th 43, 66 n.11 (2008); *Consumer Privacy*
9 *Cases*, 175 Cal. App. 4th 545, 558 (2009) (“Empirical studies show that, regardless whether the
10 percentage method or the lodestar method is used, fee awards in class actions average around one-
11 third of the recovery.”). A one-third common fund attorney’s fee award is also consistent with
12 what courts have awarded in other PAGA representative actions. *See e.g., Gonzales v. Matagrano,*
13 *Inc.*, San Francisco Superior Court (Hon. E.A. Karnow), No. CGC-16-550494 (approving 35% fee
14 award on \$1,365,000 settlement); *Gudeman v. Google*, San Francisco Superior Court (Hon. E.A.
15 Karnow), No. CGC-16-556034 (approving 33.3% fee award of \$1,048,843 PAGA-only case).

16 Here, Plaintiff’s Counsel achieved a \$25,000.00 settlement creating a common fund to
17 resolve Plaintiff’s PAGA claims. Ex. B, Josephson Decl. ¶ 17. Accordingly, it is appropriate for
18 the Court to award Plaintiff’s Counsel \$8,250.00 in attorneys’ fees (33% of the Gross Settlement
19 Amount) to be deducted from the Gross Settlement Amount. Ex. B, Josephson Decl. ¶¶ 22-24.

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21
22
23 **A. The Lodestar Cross-Check Confirms the Reasonableness of the Fee Award**

24 California’s lodestar/multiplier method is a two-step process. *In re Consumer Privacy*
25 *Cases*, 175 Cal. App. 4th 545, 556–57 (2009). The first step is to calculate a lodestar amount by
26 multiplying the number of hours reasonably expended by the reasonable hourly rate. *Serrano v.*
Priest, 20 Cal. 3d 25, 48 (1977) (Serrano III). Reasonable hours include pre-litigation investigation

1 (client interviews, fact and legal investigation, development of litigation strategy, and drafting of
2 pleadings), the litigation itself, and the fee application. *Serrano v. Unruh*, 32 Cal. 3d 621, 635
3 (1982). The reasonable hourly rate is determined by reference to prevailing market rates for
4 attorneys of comparable experience in comparable work. *Children's Hosp. & Med. Ctr. v. Bonte*,
5 97 Cal. App. 4th 740, 783 (2002); *Margolin v. Reg'l Planning Comm'n*, 134 Cal. App. 3d 999,
6 1003 (1982).

7
8 Plaintiff's Counsel's total lodestar for prosecuting and resolving this case amounts to
9 \$17,320.00 for 47 hours of work. Ex. B, Josephson Decl. ¶ 23. The lodestar of \$16,367.50,
10 compared to the requested fee of \$8,250.00 results in a negative multiplier of 0.50. Ex. B,
11 Josephson Decl. ¶ 24. Plaintiff's Counsel is requesting roughly half of its accrued Lodestar,
12 underscoring the reasonableness and conservative nature of the fee request. *Id.*

13 The requested fee is also reasonable in light of the contingent risk Plaintiff's Counsel
14 assumed. Counsel prosecuted this representative action on a wholly contingent basis, advancing
15 all costs and devoting attorney time with no assurance of any recovery. Had Defendant prevailed
16 on its exemption defense or persuaded the Court to exercise its discretion to reduce penalties,
17 Counsel would have recovered nothing. Courts recognize that this contingent risk of nonpayment
18 supports the reasonableness of a negotiated fee. See *Ketchum v. Moses*, 24 Cal. 4th 1122, 1132-33
19 (2001) (contingent risk is a proper factor in assessing a reasonable attorney fee). Ex. B, Josephson
20 Decl. ¶ 24.

21
22 As detailed in the Declaration of Michael Josephson, Counsel investigated the facts,
23 researched applicable law, developed litigation strategy, drafted the Complaint and related
24 pleadings, conducted informal discovery and damages analysis, prepared for and attended two full-
25 day mediation sessions, and negotiated and documented the settlement. See Ex. B, Josephson Decl.
26

1 **B. Plaintiff’s Out-of-Pocket Costs Are Reasonable**

2 Defendant has agreed to pay Plaintiff’s Counsel’s request for litigation costs up to
3 \$2,230.00. Ex. A, Settlement Agreement § III.3.a; Ex. B, Josephson Decl. ¶ 25. Reasonable
4 litigation expenses are recoverable by a prevailing PAGA plaintiff. *See* Cal. Lab. Code §§ 558 and
5 2699. To date, Plaintiff’s Counsel has incurred out-of-pocket expenses in connection with this
6 action, including (1) LWDA filing fees, (2) court filing fees, (3) process service fees, and (4) costs
7 associated with the mediation proceedings. *Id.* Plaintiff, therefore, requests the Court approve
8 \$2,230.00 as reimbursement of litigation costs. *Id.*
9

10 **C. ILYM Group Should be Appointed as Settlement Administrator**

11 Pursuant to the Settlement Agreement, Plaintiff seeks to appoint ILYM Group, Inc.
12 (“ILYM”) as the settlement administrator. ILYM is an experienced, neutral settlement
13 administrator that regularly administers wage-and-hour settlements in California. ILYM will
14 establish the Qualified Settlement Fund, calculate and distribute Individual PAGA Payments,
15 perform NCOA and skip-trace address searches, issue required IRS Form 1099s, maintain a hotline
16 and settlement website, remit applicable taxes to federal and state authorities, and perform all other
17 required administrative duties. Ex. A, Settlement Agreement §§ V.1–3. ILYM’s fees and costs
18 shall not exceed \$4,850.00, which will be deducted from the Gross Settlement Amount. Ex. B,
19 Josephson Decl. ¶ 27.
20

21 **D. The PAGA Representative Service Award is Reasonable**

22 Plaintiff requests the Court approve a service award of \$2,500.00. Ex. A, Settlement
23 Agreement § III.3.c; Ex. B, Josephson Decl. ¶ 26. This payment recognizes Plaintiff’s initiative,
24 personal contribution, and efforts on behalf of the State of California and the PAGA Employees.
25 *Id.* Plaintiff Debra Schipani assisted Plaintiff’s Counsel in the investigation of this matter, provided
26 documents and information regarding Defendant’s pay practices, and was available throughout the

1 litigation and settlement process. *Id.* The service award reflects the risk Plaintiff assumed in
2 bringing this representative action and the benefits she helped secure for the LWDA and for the
3 PAGA Employees.

4 **VII. CONCLUSION**

5 For the foregoing reasons, Plaintiff respectfully requests that this Court: (1) approve the
6 proposed PAGA Settlement Agreement as fair, reasonable, and adequate in light of PAGA's
7 purposes; (2) award attorney's fees of \$8,250.00 and litigation costs up to \$2,230.00 to Plaintiff's
8 Counsel; (3) approve the \$2,500.00 service award to Plaintiff; (4) approve the settlement
9 administration costs of up to \$4,850.00 to ILYM; (5) approve the distribution of 65% of the Net
10 Settlement Amount to the LWDA and 35% to the PAGA Employees; and (6) enter judgment and
11 retain jurisdiction to enforce the terms of the PAGA Settlement Agreement.
12

13
14 Dated: August 31, 2026

Respectfully Submitted,

15
16 /s/ Kevin Collins
17 Michael A. Josephson
18 Kevin Collins
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Counsel for Plaintiff

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I hereby certify that I conferred with Counsel for Defendant, who has agreed to this Motion.

/s/ Kevin Collins

Kevin Collins

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was electronically filed with the Clerk of Court using the CM/ECF system, which will automatically send email notification of such filing to all attorneys of record.

/s/ Kevin Collins

Kevin Collins