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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

JUAN CARLOS GARCIA individually, and on behalf of all others similarly situated, and on behalf of the State of California and other aggrieved persons, and SULAYMAN ABDUL AZIZ STORKS, individually, and on behalf of all others similarly situated,

Plaintiffs,

v.

CARROLL'S, LLC DBA NATIONAL TIRE WHOLESALE (NTW), a limited liability company; TBC CORPORATION, a corporation; TBC BRANDS, LLC, a limited liability company; TBC – TIRE AND BATTERY CORPORATION, a corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 25CV464606

[Assigned for all purposes to the Hon. Elizabeth C. Peterson, Dept. 8]

PLAINTIFFS' NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES

PRELIMINARY APPROVAL HEARING
Date: November 4, 2026
Time: 1:30 p.m.
Dept: 19

[Filed concurrently with the Declaration of Karen L. Wallace; Declarations of Juan Carlos Garcia and Sulayman Abdul Aziz Storks]

Complaint filed:	April 29, 2025
FAC filed:	January 14, 2026
SAC filed:	April 23, 2026
Trial date:	None set

TO THE HONORABLE COURT AND ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on November 4, 2026, at 1:30 p.m., in Department 8 of the above-captioned court, located at Old Courthouse, 161 North First Street, San Jose, CA 95113, Plaintiffs Juan Carlos Garcia and Sulayman Abdul Aziz Storks ("Plaintiffs") will and hereby do move the Court for an Order granting preliminary approval of the proposed Settlement and Class Action and PAGA Settlement Agreement ("Agreement") between Plaintiffs and Defendants Carroll's, LLC dba National Tire Wholesale (NTW), TBC Corporation, TBC Brands, LLC, and TBC - Tire and Battery Corporation ("Defendants") (collectively, the "Parties") to resolve the claims alleged by Plaintiffs, on behalf of the Class and Aggrieved Employees, *infra*, in their entirety. Specifically, for purposes of settlement, Plaintiffs move for an Order:

1. Granting preliminary approval of the Agreement;
2. Conditionally certifying the proposed Class;
3. Preliminarily approving the proposed Class Notice and the plan for distribution to Class Members;
4. Preliminarily approving Plaintiffs as Class Representatives;
5. Preliminarily approving Wilshire Law Firm, PLC ("WLF") as Class Counsel;
6. Preliminarily approving ILYM Group, Inc. as the Administrator; and
7. Setting a final approval hearing.

Pursuant to Code of Civil Procedure § 382 and California Rules of Court, Rule 3.769, *et seq*., the instant Motion is made on the grounds that the proposed Settlement satisfies all criteria for preliminary approval and falls well within the range of reasonableness. The Settlement was reached through adversarial, arm's length negotiations between experienced attorneys with the assistance of an experienced, well-respected neutral, and Plaintiffs and Class Counsel will fairly and adequately represent the proposed Class.

The Motion is based on this notice, the attached Memorandum of Points and Authorities, the concurrently filed Declarations of Karen L. Wallace, Juan Carlos Garcia, and Sulayman Abdul Aziz Storks, the records and files in the Action, and any other further evidence or argument that

the Court may properly receive at or before the hearing.

Respectfully submitted,

Dated: October 9, 2026

WILSHIRE LAW FIRM, PLC

By: _____

Nicol E. Hajjar
Rachel J. Vinson
Karen L. Wallace

Attorneys for Plaintiffs

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Pursuant to Code of Civil Procedure § 382 and California Rules of Court 3.769, *et seq*., Plaintiffs seek preliminary approval of this proposed Settlement of wage and hour claims, including representative claims under the Private Attorneys General Act ("PAGA"), Lab. Code § 2698, *et seq*., brought against Defendants Carroll's, LLC dba National Tire Wholesale (NTW), TBC Corporation, TBC Brands, LLC, and TBC - Tire and Battery Corporation ("Defendants"). The proposed Class is defined as all current and former hourly-paid or non-exempt persons employed by Defendants in the State of California during the Class Period, from April 29, 2021, to December 5, 2025 ("Class Members"). Declaration of Karen L. Wallace ("Wallace Decl.") ¶¶ 22, 23.

This non-reversionary Settlement provides for a Gross Settlement Amount ("GSA") of $600,000.00, from which the following payments will be deducted;

1. Attorneys' fees up to $ 210,000.00 (35% of the GSA) and litigation costs up to $20,000.00;
2. Service Awards up to $10,000.00 to each Plaintiff ($20,000.00 total);
3. Settlement administration costs up to $7,000.00; and
4. PAGA civil penalties up to $60,000.00, allocated 65% ($39,000.00) to the Labor and Workforce Development Agency ("LWDA") and 35% ($21,000.00) to all Class Members who worked for Defendant in California during the PAGA Period, from February 21, 2024, to December 5, 2025 ("Aggrieved Employees").

The remainder (the "Net Settlement Amount") will be distributed on a pro rata basis to approximately 373 Class Members based on the total number of Workweeks worked during the Class Period. *Id*. ¶¶ 12, 13.

The Settlement meets all criteria for preliminary approval and falls within the range of reasonableness, given the risks and expense of further litigation. The Settlement was reached through adversarial, arm's length negotiations between experienced attorneys with the assistance of an experienced, well respected neutral. Accordingly, Plaintiffs request that the Court grant preliminary approval of the Settlement, conditionally certify the Settlement Class, appoint Plaintiffs as the Class

Representatives, appoint Plaintiffs' counsel as Class Counsel, appoint ILYM Group, Inc. ("ILYM") as the Administrator, authorize the Administrator to mail notice of the Settlement to Class Members, and set a final approval hearing date.

II. PROCEDURAL HISTORY

On April 29, 2025, Plaintiff Garcia filed a putative wage and hour class action complaint alleging against Defendants the following causes of action: 1) failure to pay minimum and straight time wages; 2) failure to pay overtime wages; 3) failure to provide meal periods; 4) failure to authorize and permit rest periods; 5) failure to timely pay wages upon separation of employment; 6) failure to provide accurate itemized wage statements; 7) failure to indemnify employees for expenditures; 8) unfair business practices under the Unfair Competition Law ("UCL"), Bus. & Prof. Code § 17200, *et seq*.; and 9) PAGA civil penalties. Wallace Decl. ¶ 3.

On February 21, 2025, Plaintiff Garcia provided written notice to Defendants and the Labor & Workforce Development Agency ("LWDA") of the Labor Code provisions alleged to have been violated, including the facts and theories in support ("PAGA Notice"). *Id.* ¶ 4, Ex. 1. The LWDA did not notify Plaintiffs that it intended to investigate within the statutory waiting period. Consequently, on January 14, 2026, Plaintiffs filed a First Amended Complaint to add Sulayman Abdul Aziz Storks as a named plaintiff. *Id.* ¶ 5. Subsequently, on April 23, 2026, Plaintiffs filed a Second Amended Complaint to add a cause of action for violation of the Quota Laws, Lab. Code § 2100, *et seq*. ("Operative Complaint"). *Id.* ¶ 6.

On January 23, 2026, the Parties participated in a full-day mediation with experienced class action mediator Katherine Edwards, Esq. ("Mediator"), which led to this Settlement and the Class Action and PAGA Settlement Agreement ("Agreement"). *Id*. ¶ 7, Ex. 2. The negotiations were adversarial and at arm's length, as all Parties were prepared to continue litigating if the mediation were not successful. *Id*.

On October 9, 2026, Plaintiffs submitted a copy of the Agreement to the LWDA. *Id.* ¶ 8, Ex. 3.

III. SUMMARY OF THE SETTLEMENT

The Parties agreed to settle the claims alleged in the Action for a Gross Settlement Amount

("GSA") of $600,000.00, subject to section 8 of the Agreement, and Defendant will pay employer payroll taxes owed on the wage portions of the Individual Class Payments separately. Wallace Decl. ¶¶ 9, 10. Subject to Court approval, the following payments will be deducted from the GSA: 1) a Service Award up to $10,00.00 to each Plaintiff ($20,000.00 total); 2) attorneys' fees up to $210,000.00 (35% of the GSA) and litigation costs up to $20,000.00; 3) Administration costs up to $7,000.00; 4) Individual Class Payments to Participating Class Members; and 5) PAGA Penalties in the amount of $60,000.00, allocated 65% ($39,000.00) to the LWDA and 35% ($21,000.00) to Aggrieved Employees. *Id*. ¶ 11.

After all requested deductions are made, the remainder ("Net Settlement Amount") is an estimated $283,000.00, to be distributed to approximately 373 Participating Class Members as Individual Class Payments, which will be calculated based on the number of Workweeks each Class Member worked during the Class Period and allocated 15% to wages and 85% to interest and penalties for tax purposes. *Id*. ¶¶ 12-15. In addition, Aggrieved Employees' 35% share of the PAGA Penalties shall be distributed on a pro rata basis as Individual PAGA Payments based on the number of Pay Periods each Aggrieved Employee worked during the PAGA Period and considered 100% penalties for tax purposes. *Id*. ¶¶ 16, 17.

The Settlement is non-reversionary, and the Gross Settlement Amount will be fully paid out without any residue returning to Defendants. *Id*. ¶ 18. Any deductions not approved by the Court, or approved for less than requested, will be retained by the Administrator in the Net Settlement Amount. Funds represented by checks that remain uncashed and cancelled after the void date (180 days) will be transmitted by the Administrator to the California Controller's Unclaimed Property Fund in the Class Member's name. *Id*. ¶¶ 19, 20.

Finally, if more than 2% of Class Members opt out, Defendants may elect to rescind and void the Settlement. Defendants shall notify Class Counsel no later than fourteen (14) days after the Administrator sends the final Exclusion List to Defense Counsel, which is fifty (50) days after the Class Notice is mailed. *Id*. ¶ 21.

A. Key Definitions

The Settlement's key definitions include:

1. "Class" means all current and former hourly-paid or non-exempt persons employed by Defendants in California during the Class Period, from April 29, 2021, to December 5, 2025. Wallace Decl. ¶¶ 22, 23.

2. "Aggrieved Employee" means all current and former hourly or non-exempt employees employed by Defendants in California during the PAGA Period, from June 26, 2023, to December 5, 2025. *Id*. ¶¶ 24, 25.

3. "Administrator" means ILYM Group, Inc. *Id*. ¶ 26.

4. "Released Parties" means Defendants and any of and each of their former and present directors, managers, officers, shareholders, direct and indirect equity owners, members, agents, insurers, predecessors, successors, assigns, subsidiaries, and affiliates. *Id*. ¶ 27.

5. "Effective Date" means the date by which the Judgment entered in the Final Approval is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur. *Id*. ¶ 28.

6. "Response Deadline" means forty-five (45) days after the Administrator mails the Class Notice and is the last date on which Class Members may fax, email, or mail Requests for Exclusion, Objections, or Workweek challenges. *Id*. ¶ 29.

B. Releases

1. "Plaintiffs' Release" provides in pertinent part that Plaintiffs and Plaintiffs' respective former and present representatives, agents, attorneys, heirs, administrators, guardians, executors, successors and assigns, irrevocably, fully and forever, waive, release and discharge Released Parties from all claims arising at any time through the Effective Date of this Agreement that were, or reasonably could have been, alleged based on the facts contained in the Action and/or the Operative Complaint and the PAGA Notice. Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any

time. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believes to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs discovery of them. Plaintiffs also waive their rights under Civil Code § 1542. Wallace Decl. ¶ 30.

2. "Release by Participating Class Members" provides in pertinent part that all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, guardians, executors, successors and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the facts and allegations in the Action and the Operative Complaint that are alleged to have occurred during the Class Period. Except as set forth in Section 5.3 of the Agreement, Participating Class Members do not release any other claims. *Id*. ¶ 31.

3. "Release by Aggrieved Employees" provides in pertinent part that all Aggrieved Employees are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, guardians, executors, successors and assigns, the Released Parties from all claims for PAGA Penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Action, the Operative Complaint, and the PAGA Notice. Aggrieved Employees do not release any other claims or claims based on events occurring outside the PAGA Period. *Id*. ¶ 32.

C. Settlement Administration

The Parties' proposed Notice of Proposed Class Action and PAGA Settlement ("Class Notice") complies with the requirements of California Rules of Court, Rule 3.766(d). *See* Wallace Decl. ¶ 7, Ex. 2, Ex. A. The Class Notice sets forth in plain terms a statement of the Action, the terms of the Agreement, the approximate amount of the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payments being sought, and an explanation of how the Settlement allocations are calculated. The Class Notice also describes the formula for calculating Individual Class and PAGA Payments, how to opt out of or object to the Settlement, how to dispute Workweek calculations, and the date, time, and location

of the final approval hearing. Class Members are also advised that they do not need to submit a claim to participate in the Settlement and receive a payment. *Id*. ¶ 33.

The Administrator will mail the Class Notice by first class mail and will re-mail, within three (3) days of receipt, any Class Notice returned as undeliverable to the forwarding address provided by the U.S. Postal Service. If no forwarding address is provided, the Administrator will conduct an NCOA address search and re-mail the Class Notice to the most current address obtained. The 45-day deadline to opt out of the Settlement or to submit an objection or dispute will be extended by ten (10) days for all Class Members whose Class Notice was remailed. *Id*. ¶ 34.

IV. THE SETTLEMENT MEETS ALL CRITERIA FOR PRELIMINARY APPROVAL

A. Conditional Class Certification is Appropriate

"The party advocating class treatment must demonstrate the existence of an ascertainable and sufficiently numerous class, a well-defined community of interest, and substantial benefits from certification that render proceeding as a class superior to the alternatives." *Brinker Rest. Corp. v. Superior Ct*. (2012) 53 Cal. 4th 1004, 1021 (citations omitted). A lesser standard is used for settlement certification, although courts still need to review and consider the relevant factors. *Glob. Mins. & Metals Corp. v. Superior Ct*. (2003) 113 Cal. App. 4th 836, 859 ("[N]o trial is anticipated in a settlement class case, so the case management issues inherent in the ascertainable class determination need not be confronted.") (citations omitted).

1. The Proposed Class is Ascertainable and Numerous

"An ascertainable class is one defined in objective terms that make the eventual identification of class members possible." *Noel v. Thrifty Payless, Inc*. (2019) 7 Cal. 5th 955, 980. In addition, "a class must be numerous in size such that it is impracticable to bring them all before the court," but there is no minimum requirement. *Hendershot v. Ready to Roll Transportation, Inc*. (2014) 228 Cal. App. 4th 1213, 1222 (internal quotations and citations omitted).

Here, the Class consists of approximately 373 members identified by Defendant from its business records based on the Parties' definition. Wallace Decl. ¶¶ 13, 36. As Class Members are readily ascertainable and joinder would be impracticable, these requirements are met.

///

2. A Well-Defined Community of Interest Exists

"[T]he community of interest requirement embodies three factors: (1) predominant common questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class." *Ayala v. Antelope Valley Newspapers, Inc*. (2014) 59 Cal. 4th 522, 530 (internal quotations and citations omitted).

a) *Common Questions Predominate*

In determining whether common issues "predominate," courts consider both the plaintiff's legal theories and the defendant's affirmative defenses. *Duran v. U.S. Bank Nat'l Ass'n* (2014) 59 Cal.4th 1, 28-29. "Generally, if the defendant's liability can be determined by facts common to all members of the class, a class will be certified even if the members must individually prove their damages." *Cortina v. N. Am. Title Co*. (2026) 120 Cal. App. 5th 1030, 1075, *reh'g denied* (June 23, 2026), *review denied* (July 8, 2026) (internal quotations and citation omitted). Moreover, predominance does not require that all class members have identical claims; the focus is on whether issues shared by the class members are sufficiently uniform to permit class-wide assessment. *Ayala,* 59 Cal.4th at 530.

Plaintiffs alleged that Defendants maintained uniform employment policies and practices that unlawfully deprived Class Members of wages, meal periods, rest periods, reimbursement of business expenses, accurate wage statements, and timely payment of wages both during and on separation of employment. Wallace Decl. ¶ 37. These allegations present common factual and legal questions regarding, *inter alia*, whether Defendants applied the same policies, including for scheduling, timekeeping, compensation, meal periods, rest periods, and reimbursement, to all Class Members, whether these policies and practices resulted in Labor Code violations, whether Defendants' conduct was intentional, and whether Class Members are entitled to relief. These common questions could be resolved using Class Members' common proof, including time and payroll records and testimony from Defendants and Class Members. *Id*. Accordingly, conditional class certification is appropriate for purposes of settlement.

b) *Plaintiffs are Typical of the Class*

"The test of typicality 'is whether other members have the same or similar injury [as the

named plaintiffs], whether the action is based on conduct which is not unique to the named plaintiffs, and whether other class members have been injured by the same course of conduct.'" *Martinez v. Joe's Crab Shack Holdings* (2014) 231 Cal. App. 4th 362, 375, *as modified on denial of reh'g* (Dec. 3, 2014) (quoting *Seastrom v. Neways, Inc*. (2007) 149 Cal.App.4th 1496, 1502).

Plaintiffs alleged that they and Class Members were employed in California by the same Defendants and suffered the same injuries from Defendants' uniform wage and hour policies and practices, including with respect to scheduling, timekeeping, compensation, meal periods, rest periods, and reimbursement. Wallace Decl. ¶ 37. Through informal discovery, Plaintiffs confirmed that these challenged policies and practices applied to Plaintiffs and Class Members alike. *Id.* ¶¶ 41-47. Accordingly, Plaintiffs' claims are aligned with Class Members' claims and arise from the same challenged employment policies and practices, based on the same legal theories.

c) *Plaintiffs and Class Counsel Will Adequately Represent the Class*

Certification requires that both the named plaintiff and his or her counsel are adequate to represent the proposed class. Code Civ. Proc. § 382 However, "[o]nly a conflict that goes to the very subject matter of the litigation will defeat a party's claim of representative status." *Richmond v. Dart Industries* (1981) 29 Cal.3d 462, 470. In other words, only conflicts that are "irreconcilable" can defeat adequacy. *Nat'l Solar Equip. Owners' Ass'n v. Grumman Corp.* (1991) 235 Cal.App.3d 1273, 1286.

Plaintiffs, the proposed representatives, and proposed Class Counsel have no such conflict. Declaration of Garcia ("Garcia Decl.") ¶ 6; Declaration of Storks ("Storks Decl.") ¶ 6. Plaintiffs have demonstrated an ability to advocate for the interests of Class Members by initiating this lawsuit, providing information to their attorneys, meeting with their attorneys regarding the claims, making themselves available the day of mediation to answer questions, and reviewing the proposed Settlement. Garcia Decl. ¶ 9; Storks Decl. ¶ 9.

Class Counsel, who have demonstrable experience and success with complex litigation like the instant Action, have also expended considerable time and effort on this case and will continue to do so through final approval. Wallace Decl. ¶¶ 35, 41-47. Accordingly, Plaintiffs should be appointed Class Representatives, and their counsel should be appointed Class Counsel.

3. A Class Action is Superior to a Multitude of Individual Lawsuits

"Public policy has long favored the 'full and prompt payment of wages due an employee.'" *Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 340. Even so, class treatment must be "superior to the other available methods for the fair and efficient adjudication of the controversy." *Dean Witter Reynolds, Inc. v. Superior Court* (1989) 211 Cal.App.3d 758, 773. Accordingly, section 382 of the Code of Civil Procedure provides in pertinent part: "[W]hen the question is one of a common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court, one or more may sue or defend for the benefit of all." *Id*. at 773, fn. 5.

Here, a class action is superior to a multitude of individual lawsuits. Given the size and amounts of each employee's claim, Class Members have little incentive to litigate their claims on an individual basis because the out-of-pocket expenses and personal commitment necessary to litigate each claim likely exceed any potential recovery. Wallace Decl. ¶ 36; *see, e.g., Sav-On Drug Stores,* 34 Cal.4th at 340 ("[T]he class suit both eliminates the possibility of repetitious litigation and provides small claimants with a method of obtaining redress for claims which would otherwise be too small to warrant individual litigation.") (citation omitted). A class action is thus superior to other methods for the efficient adjudication of the claims at issue.

B. The Settlement Meets the Standards for Preliminary Approval

The moving party must demonstrate that "the settlement is fair, adequate and reasonable." *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 126. In making that determination, "the trial court should consider relevant factors, such as 'the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement.'" *Wershba v. Apple Computer, Inc*. (2001) 91 Cal. App. 4th 224, 244–45, *disapproved of by Hernandez v. Restoration Hardware, Inc*. (2018) 4 Cal. 5th 260 (quoting *Dunk v. Ford Motor Co*. (1996) 48 Cal. App. 4th 1794, 1801, *as modified* (Sept. 30, 1996)).

1. The Settlement is Entitled to a Presumption of Fairness

A settlement is entitled to a presumption of fairness "where: (1) the settlement is reached through arm's length bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small." *Dunk*, 48 Cal.App.4th at 1801. The Settlement here satisfies the first three factors. Plaintiffs will analyze the fourth factor at final approval after Class Members have been notified of the Settlement and provided with an opportunity to object.

a) *The Settlement Is the Product of Arm's-Length Negotiations*

Courts have recognized that the involvement of a respected mediator provides a high degree of assurance that the settlement is the result of arm's length bargaining. *See Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 52-53. The Settlement in this matter is the product of a full-day mediation with the Mediator, and negotiations were adversarial, conducted at arm's length, and tempered by the efforts of both sides to serve the interests of their clients. Wallace Decl. ¶ 7.

b) *The Parties Conducted Sufficient Investigation and Discovery*

Before the Parties' mediation, Class Counsel thoroughly investigated the claims and defenses at issue and all applicable law. Wallace Decl. ¶ 35. Class Counsel assessed the potential value of the claims alleged using the data and documents Defendants produced in informal discovery, including Plaintiffs' personnel files, Class Members' time and payroll records, and Defendants' written policies in effect during the Class Period. *Id.*

c) *Class Counsel are Experienced in Complex Litigation*

Plaintiffs are represented by Wilshire Law Firm, PLC. Wallace Decl. ¶ 57. Class Counsel have extensive experience litigating wage and hour class actions on behalf of employees and have been counsel in numerous class actions that have resulted in millions of dollars in recovery. *Id.* ¶¶ 59-68.

2. The Settlement is Reasonable Given the Risk and Expense of Further Litigation

A settlement does not have to provide 100% of the damages sought to be considered fair and reasonable. *See Rebney v. Wells Fargo Bank* (1991) 220 Cal.App.3d 1117, 1139. Although the

exposure Plaintiffs' counsel calculated is substantial, the risks of successfully certifying a class and prevailing at trial affected the valuation of the claims for settlement purposes. Wallace Decl. ¶ 35.

As discussed in detail below, Class Counsel evaluated the claims using the following data points: 355 Class Members; 35,978 Workweeks; $21.33 average hourly rate of pay; 251 Aggrieved Employees; and 7,801 Pay Periods. *Id*. ¶ 40.

Minimum and Overtime Wages: Plaintiffs alleged that Defendants required Class Members to perform work while off the clock and thus without compensation. Wallace Decl. ¶ 41. For example, Plaintiffs alleged that they and other Class Members were required to respond to managers, co-workers, and customers about work while they were on breaks. Class Counsel estimated that Defendant is liable for one (1) hour of unpaid time per workweek at the overtime rate of pay. Defendants' maximum potential exposure for this claim is approximately $1,151,116.11 (35,978 workweeks x ($21.33 average hourly rate of pay x 1.5 overtime rate) x 1 hour). Because this claim would have relied heavily on Class Member testimony and would not be evidenced in Defendants' time and payroll records, the risk of succeeding at class certification and trial was substantial. Accordingly, Class Counsel discounted this figure based on a 40% chance of certifying a class and a 40% chance of prevailing at trial on the merits. Defendants' estimated realistic exposure is thus $184,178.58 ($1,151,116.11 x .4 x .4). *Id*.

Meal Periods: Plaintiffs' meal period claim was based on the allegation that Defendants failed to provide Class Members with legally compliant meal periods or pay meal period premiums in lieu thereof. *Id*. ¶ 42. For example, Plaintiffs alleged that they and other Class Members were required to respond to managers, co-workers, and customers about work while on lunch due to the heavy workload. Plaintiffs' consultant found a 4.2% meal period violation rate (for shifts over 6 hours) in Class Members' time and payroll records, where meal periods were short, late, or missed, and Defendants' estimated maximum exposure for the meal period claim is $144,788.00 (161,619 shifts over 6 hours x .042 violation rate x $21.33 average hourly rate). After taking into account the difficulty of certifying and proving meal period claims, as well as Defendants' contention that the claim lacks merit and that a 4.2% violation rate is unrealistic, Class Counsel discounted this

figure based on a 50% chance of certifying a class and a 40% chance of prevailing at trial. Defendants' estimated realistic exposure is thus $28,957.60 ($144,788 x .5 x .4). *Id*.

Rest Periods: Plaintiffs alleged that Defendant failed to provide Class Members with all legally compliant rest periods to which they were entitled or pay rest period premiums in lieu thereof. *Id*. ¶ 43. For example, as with meal periods, Plaintiffs alleged that they and other Class Members were required to respond to managers, co-workers, and customers about work while on break due to the heavy workload. Class Counsel assumed a 100% violation rate for all qualifying shifts during the Class Period, and Defendants' maximum potential exposure for the rest period claim is approximately $3,730,169.07 (174,879 shifts of 3.5 hours or longer x $21.33 average hourly rate x 1 violation rate). However, Class Counsel discounted this figure to account for the difficulty of certifying and proving rest period claims, particularly because rest periods do not have to be recorded, Class Members may elect to forego a rest period. Because it would also have relied exclusively on Class Member testimony, Class Counsel discounted this claim based on a 30% chance of certifying a class and a 20% chance of prevailing at trial. Defendants' estimated realistic exposure is thus $223,810.14 ($3,730,169.07 x .3 x .2). *Id*.

Reimbursements: Plaintiffs alleged that Defendants failed to indemnify Class Members for expenses incurred as a direct result of performing their job duties, such as mandatory use of personal cell phones for work and having to purchase specific work boots. *Id*. ¶ 44. Assuming $12.50 in expenses per Class Member per Workweek, Class Counsel estimated that Defendants' maximum exposure for this claim is $449,725 ($12.50 x 35,978 workweeks). Considering Defendants' contentions that these expenses were not required and that Defendants could not have known that these expenses were being incurred, Class Counsel discounted this claim based on a 30% chance of certifying a class certification and a 30% chance of prevailing at trial. Defendants' estimated realistic exposure for this claim is thus $40,475.25 ($449,725 x .3 x .3). *Id*.

In sum, Plaintiffs estimated that Defendants' maximum exposure for the off-the-clock claim and meal and rest period violations (i.e., the "Wage claims") is approximately $5,026,073.18. However, taking into account the risk and uncertainty of class certification and prevailing at trial, Plaintiffs estimate that Defendants' realistic exposure for the Wage Claims is $436,946.32. *Id*. ¶

45.

Derivative Penalties: Plaintiffs alleged that, as a result of Defendants' failure to pay all wages owed, Defendants owed waiting time and wage statement penalties. *Id*. ¶ 46. Approximately 164 Class Members were terminated during the 3-year limitations period. Using the statutory default of $4,000.00 per employee, Plaintiffs estimated that Defendants' maximum exposure for waiting time penalties is $656,000.00 (164 employees x $4,000). Based on approximately 251 Class Members who worked approximately 6,100 pay periods during the 1-year limitations period, Plaintiffs estimated that Defendants' maximum potential exposure for inaccurate wage statements is $597,450.00 ($12,550 [251 employees x 1 violation/employee x $50 for an initial violation] + $584,900 [(6,100 pay periods - 251 initial violations) x $100 for subsequent violation]). Given Defendants' defenses, the contested nature of Plaintiffs' claims, the challenges of establishing willfulness, and the discretionary nature of penalties, Plaintiffs believe that it would be unrealistic to expect the Court to award the full $1,253,450.00 in statutory penalties. Furthermore, considering that Defendants' estimated realistic exposure for the underlying Wage Claims is $436,946.32, such a disproportionate award would also raise due process concerns. Accordingly, Plaintiffs discounted these figures to account for the 30% chance of class certification and 20% chance of prevailing at trial, such that Defendants' realistic exposure for statutory penalties is approximately $75,207.00, with $39,360 ($656,000 x .3 x .2) for waiting time penalties and $35,847 for wage statement penalties ($597,450 x .3 x .2). *Id.*

PAGA: Assuming the statutory default penalty of $100 for initial violations would apply, Plaintiffs estimated Defendants' maximum exposure at $780,100.00 (7,801 x 100). *Id*. ¶ 47. However, even assuming Plaintiffs prevailed on the merits of each alleged violation, the Court has discretion to reduce penalties, including where to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory. Plaintiffs discounted this figure to account for the 10% chance of prevailing at trial, and Defendants' estimated realistic exposure for PAGA penalties is $78,010.00 ($780,100 x .1). *Id.*

Using these estimated figures, Plaintiffs estimated that Defendants' realistic exposure for all claims, including the Wage Claims and penalties, would be $630,638.57. The Gross Settlement

Amount thus represents approximately 95% of Defendants' realistic exposure ($600,000.00 / $630,638.57), and the PAGA allocation represents 10% of the Gross Settlement Amount ($60,000 / $600,000). Considering the risk and uncertainty of certifying a class and prevailing at trial, this is an excellent result for the Class. Indeed, because of the proposed Settlement, Class Members will receive timely, guaranteed relief and avoid the risk of an unfavorable judgment. *Id*. ¶ 48.

Pursuant to the Agreement, based on 373 Class Members and 36,871 Workweeks, the Net Settlement Amount available for individual Class Payments is currently estimated to be $283,000.00. With an estimated Workweek value of $7.68 ($283,000 / 36,871), the average Individual Class Payment to each Participating Class Member is $759.17 ($7.68 x (36,871 / 373)). *Id*. ¶ 49.

C. The PAGA Allocation is Reasonable

Where settlements negotiate a good faith amount for PAGA penalties, and there is no indication that this amount was the result of self-interest at the expense of other class members, such amounts are generally considered reasonable. *Moniz v. Adecco USA, Inc*. (2021) 72 Cal. App. 5th 56, 89, *disapproved of on other grounds by Turrieta v. Lyft, Inc*. (2024) 16 Cal. 5th 664 ("[A] trial court thus must scrutinize whether, in resolving the action, a PAGA plaintiff has adequately represented the state's interests, and hence the public interest."). Courts have approved PAGA penalties in the range of zero to two percent of the total maximum amount of the Settlement. *See Jack v. Hartford Fire Ins. Co.*, 2011 WL 4899942 at *6 (S.D. Cal. Oct. 13, 2011) (approving a PAGA payment of 0.25%); *McKenzie v. Fed. Express Corp*., 2012 WL 12882124 at *5 (C.D. Cal. Jan. 23, 2012) (acknowledging that courts approve PAGA claim settlements in the range of zero to two percent of the total settlement).

Here, the Parties negotiated PAGA Penalties in the amount of $60,000, allocated pursuant to statute, 35% to Aggrieved Employees ($21,000.00) and 65% to the LWDA ($39,000.00) to settle all PAGA claims. Wallace Decl. ¶ 12. The amount is higher than many other agreements approved by the courts where seemingly nominal amounts were allocated to settle PAGA claims. *See, e.g., Zubia v. Shamrock Foods Co*., No. CV1603128ABAGRX, 2017 WL 10541431, at *14 (C.D. Cal. Dec. 21, 2017) (approving a PAGA settlement of 0.1%); *Hopson v. Hanesbrands Inc*., No. CV-08-

0844 EDL, 2008 WL 3385452, at *1 (N.D. Cal. Aug. 8, 2008) (approving a PAGA settlement of 0.3% or $1,500); *Garcia v. Gordon Trucking, Inc*., No. 1:10-CV-0324 AWI SKO, 2012 WL 5364575, at *3 (E.D. Cal. Oct. 31, 2012) (approving a PAGA settlement of 0.27%).) The proposed PAGA Penalties, negotiated in good faith, are 10% of the Gross Settlement Amount, which far exceeds amounts that are routinely approved. Wallace Decl. ¶ 48.

D. The Requested Service Awards Are Reasonable

Named plaintiffs are eligible for payment or service awards that reasonably compensate them for undertaking and fulfilling a fiduciary duty to represent absent class members. *See Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1393; *Bell v. Farmers Ins. Exch.* (2004) 115 Cal.App.4th 715, 726. Here, Plaintiffs seek a Class Representative Service Award of up to $10,000.00 each ($20,000 total) for accepting the responsibility for representing the Class interests and potential costs that were not borne by any other Class Member. Wallace Decl. ¶ 12.

Plaintiffs assisted counsel throughout this case, providing information necessary to prosecute claims, communicating with the attorneys regarding the claims and defenses at issue, making themselves available the day of mediation to answer questions, and reviewing the Agreement, among other documents, to ensure it was fair to all Class Members. Garcia Decl. ¶¶ 7-9; Storks Decl. ¶¶ 7-9. No action would likely have been taken by Class Members individually and no compensation would have been recovered for them, but for Plaintiffs' services on behalf of the Class, and by actively pursuing this action, Plaintiffs furthered the California public policy goal of enforcing the State's wage-and-hour laws. Wallace Decl. ¶ 52; *see also Sav-On*, 34 Cal.4th at 340 (noting "a clear public policy...that is specifically directed at the enforcement of California's minimum wage and overtime laws for the benefit of workers.") (citation omitted). The requested Class Representative Service Awards are reasonable and should be preliminarily approved. Plaintiffs have provided declarations regarding their work performed to date and will provide additional information as requested or required by the Court at final approval.

E. The Requested Attorneys' Fees and Costs Are Reasonable

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

class. California courts routinely award attorneys' fees equaling one-third or more of the potential value of the common fund. *See* Chavez, 162 Cal.App.4th at 66, fn. 11 ("Empirical studies show that, regardless of whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery.").

Plaintiffs seek appointment of Wilshire Law Firm, PLC as Class Counsel. The attorneys performed significant work and expended litigation costs in prosecuting this matter with no guarantee of payment. Wallace Decl. ¶ 57. Class Counsel seek preliminary approval for up to $210,000.00 (35% of the GSA in attorneys' fees) and up to $20,000.00 for litigation costs. Class Counsel achieved a settlement through efficient and diligent work. *Id*. ¶¶ 11, 53-56. At final approval, Class Counsel will fully brief the merits of the requests for attorneys' fees and litigation costs.

F. The Administration Costs Are Reasonable

The Parties have agreed upon using Phoenix Settlement Administrators ("Phoenix") to administer this Settlement. Plaintiffs seek preliminary approval of $7,000.00 for administration costs pursuant to Phoenix's not-to-exceed bid. Wallace Decl. ¶ 71, Ex. 6. The services covered by this payment are extensive and necessary to carry out the settlement administration. *Id*. ¶¶ 33, 34.

V. CONCLUSION

For the foregoing reasons, the Parties have negotiated a fair and reasonable settlement given the risks presented in this case, and Plaintiffs respectfully request that the Court preliminarily approve the Settlement and schedule a date for the final approval hearing.

Dated: October 9, 2026

WILSHIRE LAW FIRM, PLC

By: _____

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