DEPARTMENT 9 LAW AND MOTION RULINGS

Case Number: 22STCV27303 **Hearing Date:** January 14, 2026 **Dept:** 9

JESUS GONZALEZ, ET AL. vs CC WELLNESS LLC., ET AL, Case No. 22STCV27303

[TENTATIVE] RULING RE: MOTION FOR APPROVAL OF PAGA SETTLEMENT

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The Parties' Motion for Approval of PAGA Settlement is **GRANTED** as the settlement is fair, adequate, and reasonable.

The essential terms are:

The gross settlement amount is $90,000.00 and contains an escalator clause wherein if there are more than 10% than the estimated number of aggrieved employees the amount of the settlement will increase by the percentage greater than 10%.

The court hereby approves the following amounts to be paid from the gross settlement:

$30,000.00 attorneys' fees to Melmed Law Group P.C.

$14,090.26 attorneys' costs;

$3,500.00 for administrator's costs, and

$5,000.00 incentive award to Plaintiff Jesus Gonzalez

The Proposed Order electronically lodged on 9/23/25 is corrected to reflect the requested $5,000.00 enhancement payment to Plaintiff Jesus Gonzalez.

By no later than **January 21, 2026**, Plaintiff's counsel must serve this Order **and** the signed Proposed Order and Judgment on the LWDA pursuant to Labor Code section 2699(s)(3) and file proof of service of such.

By no later than **<u>February 18, 2027</u>**, Plaintiff must file and serve a final accounting.

A **Non-Appearance Case Review is set for February 25, 2027, 8:30 a.m., Department 9** re (a) proof of service of this Order and the signed Proposed Order and Judgment on the LWDA; and (b) final accounting.

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<u>Introduction</u>

This is a putative wage and hour class action and representative action under the Private Attorney General Act ("PAGA"). Plaintiff Jesus Gonzalez ("Plaintiff") alleges that he and the aggrieved employees are and were non-exempt employees of CC Wellness LLC ("Defendant"). Plaintiff also alleges that Defendant violated the Labor Code and relevant Industrial Welfare Commission wage orders.

On August 23, 2022, Plaintiff filed a class action complaint against Defendant. On April 26, 2023, Plaintiff filed the operative class action and representative First Amended Complaint ("FAC") against Defendant. In the FAC, Plaintiff asserts the following causes of action: (1) failure to pay all minimum wages, (2) failure to pay all overtime wages, (3) failure to pay accrued vacation wages, (4) failure to provide rest periods and pay missed rest period premiums, (5) failure to provide meal periods and pay missed meal period premiums, (6) failure to maintain accurate employment records, (7) failure to pay wages timely during employment, (8) failure to pay all wages earned and unpaid at separation, (9) failure to indemnify all necessary business expenditures, (10) failure to furnish accurate itemized wage statements, (11) unfair competition, and (12) civil penalties in violation of the Private Attorneys General Act ("PAGA").

On July 18, 2023, the Court – presided by the Honorable Yvette M. Palazuelos – granted Defendant's motion to compel arbitration, compelling Plaintiff's individual claims to arbitration and staying all other claims. (Order 7/18/23.)

On September 23, 2025, Plaintiff filed the instant motion for approval of the PAGA settlement. No opposition or reply has been filed.

On October 13, 2025, the Court granted Plaintiff's request to dismiss all of the class claims without prejudice.

Legal Standard

Labor Code section 2699(l)(2), provides in pertinent part:

> (2) The superior court shall review and approve any settlement of any civil action filed pursuant to this part [i.e., PAGA]. The proposed settlement shall be submitted to the agency at the same time that it is submitted to the court. (Emphasis added.)

By its terms, Labor Code section 2699(l)(2) above requires the Court to review and approve any settlement of a PAGA claim, and the parties to submit the proposed settlement to the LWDA. Thus, the Legislature has bestowed on the Court the responsibility to determine whether the PAGA settlement is fair. The PAGA statute does not provide any direction about what factors to consider when approving the settlement, but some courts have looked to the class action settlement approval process for direction. Federal courts, for example, have looked to class settlement standards as a guide for approving PAGA settlements. *See, e.g., O'Connor v. Uber Technologies* (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1134 [noting that it would be appropriate to consider the factors discussed in *Hanlon v. Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011, 1026, in assessing whether a PAGA settlement is justified, including: 1) the strength of the plaintiff's case; 2) the risk, expense, complexity, and likely duration of further litigation; 3) the amount and terms offered in settlement; 4) the extent of discovery completed and the stage of the proceedings; and 5) the experience and views of counsel].

The Settlement Agreement

The settlement agreement provides as follows:

The settlement is for a gross amount of $90,00.00. (Melmed Decl. ¶ 2, Exh. 1 [Settlement Agreement] at § 1.10.) Of this gross settlement amount, various amounts are set aside for expenses including up to $3,500.00 for Administrator fees costs. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.3.) Up to $30,000.00 of the gross settlement amount – i.e., approximately 33% of the total gross settlement – is set aside for attorneys' fees. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.2.) Up to $18,000.00 is apportioned for litigation expenses. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.2.) Finally, Plaintiff seeks an enhancement award of $5,000.00. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.1.)

The Parties' Claims and Requests

As to these apportioned categories, the parties are now seeking approval of the following amounts to be paid from the gross settlement:

Plaintiff's Attorney's fees of $30,000.00.

Plaintiff's Counsel's litigation costs of $14,090.26.

Administrative costs of $3,500.00 for proposed administrator Phoenix Settlement Administrators.

An enhancement award of $5,000.00 for Plaintiff

Pursuant to the PAGA settlement, any reduction in attorneys' fees or litigation costs shall go to the Net Settlement Amount. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.2.) Similarly, any reduction in the Administrator's fee will go to the Net Settlement Amount. (Melmed Decl. ¶ 2, Exh. 1 at Exh. 1 § 3.2.3.) Further, any reduction in the enhancement award for Plaintiff will go to the Net Settlement Amount. (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.1.)

Assuming deductions from the Gross Settlement by the amounts Plaintiff seeks, approximately $37,409.74 of the PAGA settlement would remain of which:

> 75% or approximately $28,057.30 is to go to the LWDA (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.4.)
>
> 25% or approximately $9,352.44 is to go to the Aggrieved Employees (Melmed Decl. ¶ 2, Exh. 1 at § 3.2.4.)

The Settlement Administrator will prepare and issue IRS Form 1099 for the PAGA Settlement Members. (Melmed Decl. ¶ 2, Exh. 1at § 3.2.4.2.)

<u>Discussion</u>

The PAGA settlement agreement here clearly sets forth the scope of the settlement. The term "Aggrieved Employees" means "all current and former non-exempt California employees of Defendant who worked during the PAGA Period." (Melmed Decl. ¶ 2, Exh. 1 at § 1.4.) The PAGA Period is defined as "the period from August 23, 2021, through 60-days after the parties accept the mediator's proposal or the date the Court approves the PAGA settlement, whichever is sooner." (Melmed Decl. ¶ 2, Exh. 1 at § 1.19.)

The PAGA settlement amount is reasonable. There are approximately 111 Aggrieved Employees with a total of approximately 5,292 pay periods covered by the settlement agreement. (Melmed Decl. ¶ 2, Exh. 1 at § 4.1.) With the proposed deductions, assuming equal violations for each Aggrieved Employee per PAGA Settlement pay period, the settlement would come to approximately $84.26 per employee or approximately $1.77 per pay period.

Plaintiff's Counsel estimates that the maximum exposure would be $529,200.00, assuming $100 per violation with stacking penalties. (Melmed Decl. ¶ 44.) The Gross Settlement amount represents approximately 17% of this maximum exposure. However, it is legally unclear whether stacking penalties by theories of recovery is permitted. (See e.g., *Salazar v. PODS Enterprises, LLC* (C.D. Cal., May 8, 2019, No. EDCV19260MWFKKX) 2019 WL 2023726, at *6.) Moreover, Defendant did not concede the allegations of the FAC and had several defenses including that it acted in good faith and *de minimis* defenses. (Melmed Decl. ¶ 42.) Further, reductions are generally applied if there are any mitigating circumstances. (*Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 528-529 (affirming trial court's award of less than 10% of maximum PAGA penalty for meal break violations where company sought to comply with the law).) Thus, Plaintiff's Counsel reasons that the Gross Settlement amount is fair and reasonable. (Melmed Decl. ¶ 49.)

This gross settlement of $90,000.00 seems well within the reasonable range for a PAGA settlement based on the defenses and allegations of the operative FAC. Moreover, the PAGA settlement negotiations were adversarial and at arm's length and came about through all day mediation with Daniell J. Turner, Esq. on May 19, 2025. (Melmed Decl. ¶ 14.)

Plaintiff's Counsel requests $30,000.00 in attorney fees. The amount is 1/3 of the gross settlement. Awards from the common funds – like this PAGA Settlement – of 33% for attorneys' fees in representative actions are considered standard and appropriate. (*Laffitte v. Robert Half Internat. Inc.* (2016) 1 Cal.5th 480, 506 [affirming award of 33% of the common fund]; *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 66 Fn.11 ["Empirical studies show that, regardless whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery."].)

As to the lodestar amount, the action took place over multiple years and involved some motion practice.

Plaintiff's Counsel "Melmed Law Group P.C. has extensive experience representing California employees in class action wage-and-hour cases involving non-compliant rest breaks, such as this one." (Melmed Decl. ¶ 5.) Plaintiff's Counsel had four attorneys, one paralegal, and two legal assistants. (Melmed Decl. ¶ 51.)

Attorney Jonathan Melmed, the founder and managing shareholder of Melmed Law Group P.C., has been an attorney since 2013. (Melmed Decl. ¶¶ 3-5.) Attorney Melmed has extensive experience litigating employment wage and hour class actions and PAGA actions. (Melmed Decl. ¶¶ 3-7.) Attorney Melmed bills at an hourly rate of $948.00 and claims to have spent 12 hours on the instant action for a total lodestar of $11,376.00. (Melmed Decl. ¶ 51.)

Attorney Meghan N. Higday is a senior attorney at Melmed Law Group P.C. and has been an attorney in California since 2021. (Melmed Decl. ¶ 53.) Attorney Higday bills at an hourly rate of $538.00 and claims to have spent 60.3 hours on the instant action for a total lodestar of $35,034.30. (Melmed Decl. ¶ 51.)

Attorney Emma McGinn is an associate attorney at Melmed Law Group P.C. and has been an attorney since 2022. (Melmed Decl. ¶ 54.) Attorney McGinn bills at an hourly rate of $473.00 and claims to have spent 3.9 hours on the instant action for a total lodestar of $1,844.70. (Melmed Decl. ¶ 51.)

Attorney Emily Horrigan is an associate attorney at Melmed Law Group P.C. and has been an attorney since 2024. (Melmed Decl. ¶ 55.) Attorney McGinn bills at an hourly rate of $473.00 and claims to have spent 16.8 hours on the instant action for a total lodestar of $7,946.40. (Melmed Decl. ¶ 51.)

Lorie Gutierrez is a paralegal at Melmed Law Group P.C. (Melmed Decl. ¶ 56.) Gutierrez bills at an hourly rate of $258.99 and claims to have spent 4.1 hours on the instant action for a total lodestar of $1,057.80. (Melmed Decl. ¶ 51.) Debi Pugliese is a former legal assistant at Melmed Law Group P.C. (Melmed Decl. ¶ 57.) Pugliese bills at an hourly rate of $200.00 and claims to have spent 40.1 hours on the instant motion for a total lodestar of $8,020.00. (Melmed Decl. ¶ 51.) Finally, Jackie Hernandez – a legal assistant at Melmed Law Group P.C. – bills at an hourly rate of $150.00 and claims to have spent 11.6 hours on the instant action for a total lodestar of $1,740.00. (Melmed Decl. ¶ 51.)

In sum, Plaintiff's Counsel had four attorneys, one paralegal, and two legal assistants spent a total of 148.8 hours on the instant motion for a total lodestar of $67,019.20. The requested attorneys' fees of $30,00.00 equates to a negative lodestar multiplier of approximately 0.45. The request for an award of attorneys' fees of $30,000.00 is reasonable due to the length of time spent on the action, the experience of counsel, and the overall totality of the circumstances. Accordingly, the Court hereby approves the requested amount of attorneys' fees of $30,000.00.

Plaintiff's Counsel seek costs and expenses of $14,090.26. These costs include filing fees, CaseAnywhere fees, and mediation fees. (Melmed Decl. ¶ 61.) Based on the attached chart, these costs appear reasonable and are approved.

The release of claims in the PAGA settlement agreement for the Aggrieved Employees is proper because it releases only PAGA claims that were raised in the original notice letter to the LWDA and the complaint. (Melmed Decl. ¶ 2, Exh. 1 at § 5.2.)

Plaintiff seeks $5,000 as service award to compensate Plaintiff for the time that Plaintiff has spent prosecuting this action on behalf of the PAGA aggrieved employees. During the lawsuit, Plaintiff Jesus Gonzalez "participated in several lengthy interviews and phone conferences over a period lasting several months, including discussion related to evaluating my claims that Defendant failed to pay wages; searched for and produced relevant documents; reviewed pleadings in the case; reviewed documents and data provided by Defendant; kept in contact with my attorneys regarding the status of the case; participated in a full-day mediation by telephone; and reviewed the settlement document." (Gonzalez Decl. ¶ 8.) Plaintiff has been actively involved in the lawsuit and spent approximately 10 to 15 hours working on this case. (Gonzalez Decl. ¶ 8.) Plaintiff has also executed a general release of all of his claims against Defendant. (Melmed Decl. ¶ 2, Exh. 1 at § 5.1.)

In light of the amount of the recovery Plaintiff has achieved on behalf of all aggrieved employees, the time that Plaintiff devoted to pursuing and litigation the action, and the execution of a general release by Plaintiff, the Court grants the requested enhancement award to Plaintiff of $5,000.00.

Phoenix Settlement Administrators appears qualified and sufficiently non-affiliated with the parties to adequately serve as the settlement administrator. (Melmed Decl. ¶ 65, Exh. 4.)

On September 23, 2025, Plaintiff gave notice of the settlement agreement to the LWDA. (Melmed Decl. ¶ 64, Exh. 3.)

CONCLUSION AND ORDER

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PLAINTIFF IS ORDERED TO DOWNLOAD THE INSTANT **SIGNED** ORDER FROM THE COURT'S WEBSITE AND TO GIVE NOTICE TO ALL OTHER PARTIES.

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IT IS SO ORDERED.

DATED: January 14, 2026

Elaine Lu
Judge of the Superior Court