SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

Gordon D. Schaber Superior Court, Department 23

JUDICIAL OFFICER: HONORABLE JILL H. TALLEY

Courtroom Clerk: T. Shaddix
Court Attendant: M. Aria

CSR: None

34-2022-00325412-CU-OE-GDS

March 14, 2025
9:00 AM

Bradley Tapia vs. Planned Lifestyle Services Inc

MINUTES

APPEARANCES:

No Appearances

NATURE OF PROCEEDINGS: Hearing on Motion for Preliminary Approval of Settlement

There being no request for oral argument, the Court affirmed the tentative ruling.

TENTATIVE AFFIRMED

Plaintiffs Medhanie Gebru and Bradley Tapia's ("Plaintiffs") motion to approve Private Attorneys General Act ("PAGA") settlement is UNOPPOSED and GRANTED as follows.

Overview

On April 5, 2021, Plaintiff Gebru filed a class and representative action complaint against Defendant Planned Lifestyle Services, Inc. ("Defendant") in the San Francisco County Superior Court. Gebru dismissed the class claims on June 3, 2022. (Tulyathan Decl. ¶ 2.) On June 6, 2022, Plaintiff filed a First Amended Complaint that alleged a single cause of action for violation of PAGA. On August 9, 2022, the Court ordered Plaintiff Gebru's individual PAGA claims to arbitration and stayed Gebru's non-individual representative claims pending arbitration. (*Id.* at ¶ 6.)

On August 18, 2022, Plaintiff Tapia filed a class action complaint against Defendant. On November 7, 2022, Plaintiff Tapia filed a First Amended Complaint to add a claim for PAGA penalties. On July 24, 2023, this Court (Hon. Jennifer Rockwell) granted a coordination petition. The *Tapia* Action was coordinated into the *Planned Companies Wage and Hour Cases* (JCCP 5283) and was transferred to the San Francisco Superior Court. The *Gebru* Action was not included in the coordination order. (Coordination Order filed July 24, 2023 at pgs. 6-7.) On October 23, 2024, Judge Cheng at the San Francisco Superior Court signed an order remanding the *Tapia* Action to this Court. (Supplemental Bokhour Decl. Ex. B.) Plaintiffs filed a stipulation and order to file a Second Amended Complaint that adds Plaintiff Gebru to this action, consolidates the claims, and removes Plaintiff Tapia's class claims in light of the existence of a class action waiver contained Defendant's arbitration agreement. (Stipulation filed February 6, 2025.) The Court granted leave to file the Second Amended Complaint, which was filed on February 11, 2025. The Second Amended Complaint alleges a single cause of action for violation of PAGA. Plaintiffs' PAGA claim is based on the following alleged underlying Labor Code violations: (1) failure to pay all minimum and overtime wages; (2) failure to pay all overtime compensation at the appropriate premium rate; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to reimburse for necessary business expenditures; (6) failure to pay all wages due at separation; and (7) failure to furnish complete, accurate, itemized wage statements.

On February 5, 2024, the Parties in *Gebru* and the Coordinated Action participated in a global mediation of all claims with Michael J. Loeb, Esq. (Tulyathan Decl. ¶ 9.) Prior to mediation, the Parties engaged in informal discovery. (*Ibid.*) Defendant produced information related to aggrieved employees, the number of pay periods at issue, relevant documents pertaining to Defendant's policies and practices, and time and payroll records. (*Ibid.*) The Parties reached a settlement at mediation as to the *Tapia* and *Gebru* actions only through acceptance of a mediator's proposal. (*Ibid.*) Thereafter, the *Tapia* and *Gebru* Parties negotiated and entered into a written settlement agreement. (*Id.* at Ex. B ("Agreement").) Plaintiffs seek approval of this PAGA-only settlement pursuant to Labor Code section 2699(l). A copy of the motion and proposed PAGA settlement was provided to the Labor and Workforce Development Agency ("LWDA"). (*Id.* at ¶ 58 & Ex. G.)

Aggrieved Employees are defined in the Agreement as: all current and former employees of Defendant in California who were assigned to work and/or provided services at any of Defendant's clients' locations in California at anytime from August 16, 2019, through February 5, 2024. (Agreement §§ II(2) & (20).) There are approximately 615 Aggrieved Employees who worked a total of 9,385 Pay Periods. (*Id.* at §§ II(2) & III(2).)

<u>Legal Standard</u>

In the event an aggrieved employee wishes to settle a PAGA claim, the Labor Code requires the superior court to "review and approve any penalties sought as part of [the] proposed settlement agreement." (Lab. Code, § 2699(l)(2).) Such review and approval must "ensur[e] that any negotiated resolution is fair to those affected." (*Williams v. Superior Court* (2017) 3 Cal.5th 531, 549.)

As with any settlement, the Court must be mindful in conducting its inquiry that "[s]ettlement is a compromise, which balances the possible recovery against the risks inherent in litigating further." (*See In re TD Ameritrade Account Holder Litig.* (N.D. Cal. Sept. 12, 2011) 2011 U.S. Dist. LEXIS 103222, 24.) Indeed, "the very essence of a settlement is ... a yielding of absolutes and an abandoning of highest hopes" (*Officers for Justice v. Civil Service Com.* (9th Cir., 1982), 688 F.2d 615, 624) as "it is the very uncertainty of outcome in litigation and avoidance of wasteful and expensive litigation that induce consensual settlements." (*See Id.* at 625.) As such, "the settlement or fairness hearing is not to be turned into a trial or rehearsal for trial on the merits" or "judged against a hypothetical or speculative measure of what might have been achieved by the negotiators." (*Ibid.*)

Although the operative PAGA statute does not set forth the criteria on which a PAGA settlement is to be judged, it is presumed that a reviewing court may utilize some of the factors for review of a class action settlement under Fed. R. Civ. P. 23 (Rule 23), Code Civ. Proc., § 382 and Rule 3.769, Rules of Court, as courts within California have approved settlements of PAGA claims encompassed within class action settlements using Rule 23 criteria. However, it is important to underscore that not all Rule 23 factors can be applied, as "a PAGA claim asserted on a non-class representative basis . . . is not considered a class action but a law enforcement action, *and therefore does not have to meet the requirements of Rule 23."* (*See Casida v. Sears Holdings Corp* (E.D. Cal. Jan. 25, 2012) 2012 U.S. Dist. LEXIS 9302, 8*; Thomas v. Aetna Health of Cal. Inc.* (E.D. Cal. June 2, 2011) 2011 U.S. Dist. LEXIS 59377; *Mendez v. Tween Brands, Inc*, (E.D. Cal. June 30, 2010) 2010 U.S. Dist. LEXIS 66454, 12.) Based thereon, a court's review of a PAGA settlement necessarily implicates the following unique features that render the approval process completely distinct from approval of a class action settlement under Rule 23 or Code Civ. Proc. § 382 and Rule 3.769, Cal. Rules of Court.

First, in evaluating the adequacy of the settlement amount, the Court's focus is not concerned with the amount which "aggrieved employees" are to receive, but rather, must focus on the total settlement amount in achieving PAGA's objective. Indeed, "[t]he remedy sought in a PAGA suit consists of civil penalties, not individual or class damages” (*Mendez*, 2010 U.S. Dist. LEXIS 66454 at 11) and "[u]nlike class actions, these civil penalties are not meant to compensate unnamed employees because the action is fundamentally a law enforcement action." (See *Ochoa-Hernandez v. CJADERS Foods, Inc*., (N.D. Cal. Apr. 2, 2010) 2010 U.S. Dist. LEXIS 32774, 12.) Second, consistent with the fact that unnamed employees have no property interest in a PAGA claim, "[u]named employees need not be given notice of the PAGA claim, nor do they have the ability to opt-out of the representative PAGA claim." (See *Ochoa-Hernandez*, 2010 U.S. Dist. LEXIS 32774, at 13.) Finally, unlike a class action settlement under Rule 23(e) or Code Civ. Proc. § 382, the scope of release permitted in a PAGA settlement is limited. While "judgment in [a PAGA] action is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding" (*Arias v. Superior Court* (2009) 46 Cal.4th 969, 986), "the nonparty employees, because they were not given notice of the action or afforded any opportunity to be heard, would not be bound by the judgment as to remedies other than civil penalties." (*Id.* at 987.) Thus, scope of a release in a PAGA settlement is necessarily strictly confined to the civil penalties alleged in the complaint.

In deciding whether to grant approval of the proposed Settlement, the primary issue to be decided is whether the Settlement is fair, adequate and reasonable. As set forth herein, the proposed Settlement embodies all of the features of a settlement that is fair, reasonable, and adequate, as it is the product of (1) arms-length negotiations, (2) negotiated by attorneys experienced in wage and hour issues, (3) subsequent to undertaking sufficient investigation necessary to evaluate the relative strength and value of the PAGA claim, and (4) it reflects a reasoned compromise based directly on the relative strength and value of the PAGA claim, as well as the risks, expense, complexity and likely duration of further litigation.

Discussion

Defendant will pay the Gross Settlement Amount ("GSA") of $422,325. (Agreement § III(2).) The following will be paid out of the GSA: (1) a service award of $10,000 for each Plaintiff – totaling $20,000; (2) settlement administration costs in the amount of $6,250; (3) and attorneys' fees equaling one-third of the GSA ($140,775) and litigation costs in the amount of $15,720.64 to Plaintiffs' counsel – Diversity Law Group, PC and Bokhour Law Group, PC. (*Id.* at §§ III(4)-(6); Tulyathan Decl. ¶¶ 52-57 & Exs. C, E, F; Bokhour Decl. ¶¶ 16-23.) The deduction of these amounts will yield the Net Settlement Amount. 75% of the Net Settlement Amount will be paid to the LWDA and 25% of the Net Settlement Amount will be paid to Aggrieved Employees on a pro-rata basis. (Agreement § (III)(7).)

Plaintiffs contend that the settlement amount represents a fair penalty because it constitutes 8.12% of the Defendant's total estimated exposure of $5,202,000 (which does not account for the possibility of reduction by the Court). (Tulyathan Decl. ¶¶ 31-44.) The Court agrees that the settlement amount appears reasonable. The Court also approves Plaintiffs' requests for $140,775 in attorneys' fees, $15,720.64 in litigation costs, $6,250 in administration costs, and $10,000 to each Plaintiff (totaling $20,000) as a service award. The funds from any checks that remain uncashed after 180 days will be tendered to Legal Aid at Work as the *cy pres* recipient. (Agreement § III(16).) Each aggrieved employee will receive an average settlement payment of approximately $105.52. (Tulyathan Decl. ¶ 21.)

Disposition

The Court finds that the PAGA settlement is fair, reasonable, and adequate. The settlement is approved as required under California Labor Code section 2698 et seq. Based on the amount of penalties at issue, the risk of loss on the merits, the risk of being able to prove violations as required by statute for damages purposes, and the Court's statutorily authorized power to reduce penalties, the Agreement represents a sufficient recovery for individuals within the scope of the PAGA claims and the LWDA to further its purpose in enforcing the Labor Code. The Court approves the requested attorneys' fees, litigation costs, and the service awards. The Court also approves of the proposed Notice of Settlement Approval attached to the proposed order. The Court will sign the proposed order submitted with the moving papers.

The Court sets a settlement compliance hearing for December 12, 2025 at 10:30 a.m. in this department. At least 15 days prior to the hearing, counsel shall file a declaration regarding the status of the distribution of the settlement funds. If the Court is satisfied that the settlement funds have been fully distributed, no appearance will be required.

Pursuant to California Rules of Court, rule 3.1312(a), no further written order is necessary. Counsel for Plaintiffs is directed to notice all parties of this order.

Status Conference re: settlement compliance is scheduled for 12/12/2025 at 10:30 AM in Department 23 at Gordon D. Schaber Superior Court.

/s/ T. Shaddix
By: T. Shaddix, Deputy Clerk

Minutes of: 03/14/2025
Entered on: 03/14/2025