

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

34-2022-00332060-CU-OE-GDS

March 28, 2025

9:00 AM

**Jonathon Tejada, on behalf of the State of California, as
a private attorney general vs. Sacramento Behavioral
Healthcare Hospital, LLC**

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

Plaintiff Jonathan Tejada's ("Plaintiff") motion to approve Private Attorneys General Act ("PAGA") settlement is UNOPPOSED and GRANTED as follows.

Overview

On December 28, 2022, Plaintiff filed a wage and hour representative complaint against Defendant Sacramento Behavioral Healthcare Hospital, LLC ("Defendant"). The Complaint alleges a single cause of action for civil penalties pursuant to PAGA. The PAGA claim is based on the theory that Defendant is liable for (1) miscalculating overtime and sick pay as a result of not including certain remunerations into the regular rate; (2) unpaid sick pay; (3) sick and meal premium underpayments; and (4) failure to pay for all hours worked.

The Parties engaged in informal discovery. (Nordrehaug Decl. ¶ 3.) Defendant produced its policies, procedures, records and data regarding Aggrieved Employees. (*Ibid.*) On October 14, 2022, the Parties engaged in a mediation with Hon. Carl West (Ret.) (*Ibid.*) The Parties reached a settlement and then negotiated and entered into a written settlement agreement. (*Id.* at Ex. 1 ("Agreement").) Plaintiff seeks approval of this PAGA settlement pursuant to former Labor Code section 2699(1)(2) – in effect for civil actions filed before June 19, 2024. Plaintiff's counsel

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

submitted a copy of this motion and the settlement to the Labor and Workforce Development Agency ("LWDA"). (Nordrehaug Decl. Ex. 6 & Proof of Service.)

Legal Standard

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(1)(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, Cal. 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]nnamed employees need not be given notice of the PAGA claim, nor do they

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

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 has agreed to pay the gross settlement amount ("GSA") of \$828,550 (based on operation of the escalator clause). (Agreement ¶¶ 3.1 & 8; Nordrehaug Decl. ¶ A(3).) The following will be paid from the GSA: (1) attorneys' fees not to exceed one-third of the GSA (\$276,183) and litigation costs of \$22,723.62 to Plaintiff's counsel; (2) administration costs not to exceed \$6,500; and a PAGA Penalty of \$450,167 (75% of which will be paid to the LWDA and 25% of which will be paid to Aggrieved Employees). (Agreement ¶¶ 3.2.1-3.2.3.)

Plaintiff argues the settlement represents a fair penalty compared to Defendant's maximum penalty exposure of \$1,560,100 and possible exposure of only \$78,005. (Nordrehaug Decl. ¶ 6.) The Court agrees that the settlement amount appears reasonable based on the exposure analysis provided in the moving papers. The Court also agrees that a fee award equal to one-third of the GSA (\$276,186) and litigation costs in the amount of \$22,723.62 are appropriate. (*Id.* at ¶¶ 8-9 & Ex. 2.) The funds from any checks that remain uncashed after 180 days will be sent to the California Unclaimed Property Fund in the name of the payee. (Agreement ¶¶ 4.4.1 & 4.4.3.) The average recovery is \$181.64 per individual. (Nordrehaug Decl. ¶ 12.)

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 awards \$276,183 in attorneys' fees and \$22,723.62 in litigation costs. ILYM Group, Inc. is

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

approved as settlement administrator. The Court will sign the proposed order and the proposed judgment submitted with the moving papers.

The Court sets a settlement compliance hearing for November 14, 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. Plaintiff's counsel is directed to notice all parties of this order.

Status Conference regarding settlement compliance is scheduled for 11/14/2025 at 10:30 AM in Department 23 at Gordon D. Schaber Superior Court.

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

Minutes of: 03/28/2025
Entered on: 03/28/2025