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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

INGRID RAGOOBAR, et al. Plaintiffs, vs. SUTTER HEALTH, Defendant.	Case No.: 23CV037410 Assigned for All Purposes to: Hon. Joscelyn Jones, Dept. 19 **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT AGREEMENT; CONDITIONAL CERTIFICATION OF THE SETTLEMENT CLASS; APPROVAL OF CLASS NOTICE; AND APPOINTMENT OF SETTLEMENT ADMINISTRATOR** Reservation ID: 591274507438 Date: June 29, 2026 Time: 3:00 p.m. Room: Dept. 19 Complaint Filed: June 30, 2023 Trial Date: December 4, 2026

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I. INTRODUCTION

Plaintiffs Ingrid Ragoobar, Amber Ugarte, and Marki Henderson ("Plaintiffs") seek preliminary approval of a Joint Stipulation of Class Action and PAGA Settlement and Release ("Settlement Agreement") on behalf of a proposed Settlement Class (defined below).

This Action concerns temporary payroll accuracy and wage statement compliance issues that arose as a result of Defendant's transition to the Workday payroll system ("Transition"), from July 1, 2022, through December 31, 2022 (the "Transition Period"). There is no evidence that any unpaid wages resulting from the transition remained outstanding after the Transition Period.

After engaging in substantial investigation, data exchange, and expert analysis, the Parties participated in a full-day, arm's-length mediation before experienced class action mediator Michael Loeb. As a result of this hard-fought mediation, the Parties reached a non–reversionary settlement providing for a Maximum Settlement Amount of $4,500,000, exclusive of employer-side payroll taxes. The Settlement was well informed by counsel following extensive investigation of the asserted claims and relevant law applied to the facts of the matter. (Igoe Decl. ¶¶ 3–15.)

Subject to Court approval, and after deductions for the PAGA Payment, Class Representatives' Service Awards, Class Counsel Fees, Class Counsel Costs, and Settlement Administration Costs, the Net Settlement Amount to be distributed to Participating Class Members is estimated to be:

Maximum Settlement Amount	$4,500,000.00
PAGA Payment to LWDA	$112,500.00
Settlement Administration Costs	$69,750.00
Class Representatives' Service Awards	$30,000.00
Class Counsel Fees (20%)	$900,000.00
Class Counsel Costs (estimated)	$57,798.00
Approximate Net Settlement Amount	**$3,329,952.00**

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The Parties' experts both independently analyzed extensive payroll records for the Transition Period, and both independently calculated that system issues during the Transition Period resulted in about 18,700 erroneous wage statements within a class of about 17,500 Sutter employees. (Igoe Decl. ¶¶ 15, 24.) For administrative practicality, the Parties agreed that the Net Settlement Amount would be divided equally among the class. Accordingly, the Settlement results in individual recovery of approximately $190 per class member in a wage statement case.

II. FACTUAL BACKGROUND

A. Summary of the Litigation

On or about January 2023, Plaintiffs Ingrid Ragoobar, Amber Ugarte, and Marki Henderson, and then Plaintiff California Nurses Association ("CNA") provided notice to the California Labor and Workforce Development Agency ("LWDA") of their intent to bring an action against Defendant Sutter Health, pursuant to Labor Code section 2699 et seq. ("PAGA"). After more than 65 days elapsed with no response from the LWDA, on June 30, 2023, Plaintiffs filed a complaint in Alameda County Superior Court (Case No. 23CV037410) on behalf of themselves and aggrieved employees, asserting the following claims: (a) equitable account of wages pursuant to Labor Code sections 1174, subd. (d), 1174.5, 1175, and 1195.5, and Code of Civil Procedure section 872.140; (b) failure to keep accurate payroll records pursuant to Labor Code sections 558, 1174, subd. (d), 1174.5, and 1175, and California Code of Regulations, title 8, section 11050, subd. 7(A); (c) unlawful failure to pay wages pursuant to Labor Code sections 204, 222, 223, 225.5, 218.6, 510, 1194, and 1194.2; (d) failure to timely pay wages pursuant to Labor Code sections 204, 210, 222, 223, 225.5, 218.6, 218.5, and 248.6; (e) failure to provide accurate itemized wage statements pursuant to Labor Code sections 226, subd. (a), 226, subd. (e), and 226.3; (f) violation of PAGA, Labor Code section 2698 et seq.; and (g) unfair business practices in violation of Business and Professions Code section 17200 et seq. (Igoe Decl. ¶ 4-6.)

On September 5, 2023, Plaintiffs Ragoobar, Ugarte, and Henderson filed a First Amended Complaint amending the operative complaint, removing the California Nurses Association as a named plaintiff. (Igoe Decl. ¶ 8.)

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On January 16, 2026, Plaintiffs Ragoobar, Ugarte, and Henderson filed a Second Amended Complaint adding parallel class action claims, while maintaining the PAGA claims asserted in the September 5, 2023, First Amended Complaint. The Second Amended Complaint is the operative complaint for settlement purposes. (Igoe Decl. ¶ 9.)

B. Plaintiffs' Investigation and Expert Analysis

Attorney Imhotep Royster worked with Plaintiffs Ragoobar, Ugarte, and Henderson to develop the initial factual record and prepare the original Complaint. Mr. Royster is in-house counsel with CNA and previously served as a Deputy Labor Commissioner with the California Department of Industrial Relations in Oakland, where he worked on wage-and-hour enforcement matters. He also authored the First Amended Complaint. Nicole Daro currently serves as Legal Director at CNA/NNU. She assisted and supervised Mr. Royster's early work on this case.

In 2025, Attorney Carol A. Igoe took over as Lead Counsel, assuming primary responsibility for further investigation and prosecution of this Action. (Igoe Decl. ¶ 48.) During Plaintiffs' investigation, Defendant produced multiple datasets containing extensive time and payroll data from the Transition Period. In June 2025, Plaintiffs retained Thomas M. Neches, CPA, managing partner of Thomas Neches & Company LLP, to analyze these records using computer databases and statistical techniques. (Igoe Decl. ¶ 15.) The records Sutter produced were sufficient to permit Mr. Neches to develop an objective and reliable foundation for settlement negotiations.

In preparation for the mediation, Plaintiffs' Counsel also conducted extensive research regarding the foreseeability of such errors, including a review of public settlements involving comparable large-scale payroll system transitions, including Workday implementations specifically. Plaintiffs' Counsel further researched recognized rollout practices designed to minimize and mitigate the errors that foreseeably occur during such transitions, as well as recent developments in California wage-and-hour law, particularly with respect to the circumstances in which multiple violations arising from the same wage statements have been permitted or collapsed for purposes of penalty assessment. (Igoe Decl. ¶¶ 15, 37, 39.) Based on this research, Ms. Igoe worked with Mr. Neches to develop the formulas used to apply the applicable penalty framework to the wage statements at issue. Mr. Neches then incorporated this framework into his final calculations, which formed the basis for the mediation that followed. (Igoe Decl. ¶¶ 15, 38.)

C. The Settlement

1. Mediation and Settlement Negotiations

On August 26, 2025, the Parties participated in a full-day, in-person mediation before experienced class action mediator Michael Loeb. Prior to mediation, the Parties exchanged thorough mediation briefs. (Igoe Decl. ¶ 27.)

Counsel for the Parties researched the law as applied to the facts regarding Plaintiffs' claims and potential defenses thereto, and the damages and penalties claimed. From the documentation provided, the Parties conducted their own evaluations of the potential recoveries based on the alleged claims. Plaintiffs contended that the payroll inaccuracies identified during the Workday rollout were not merely inadvertent or isolated errors, but were a foreseeable consequence of a universal payroll system conversion, particularly where the transition was not implemented incrementally, there were insufficient pre–rollout safety measures, and an insufficient response team. Plaintiffs further contended that large–scale payroll transitions present well–documented compliance risks, and that Defendant's rollout decisions materially increased the likelihood of statutory violations during the Class Period. (Igoe Decl. ¶¶ 19–20.)

Defendant disputes liability and contends that it undertook an extensive, years-long effort to plan a successful payroll transition and rollout. As soon as it became apparent that certain pay errors had occurred, Sutter promptly took steps to remedy any such errors as soon as possible and invited any employees who experienced financial hardship to seek reimbursement (and promptly reimbursed any who sought it).

While Defendant disputes liability and maintains that it acted in good faith and promptly corrected payroll issues as they arose, Defendant faced a meaningful risk that a trier of fact could credit Plaintiffs' theory that the alleged violations were sufficiently foreseeable to support the assessment of statutory penalties under the Labor Code and PAGA, even in the absence of unpaid wages. This risk informed Plaintiffs' evaluation of the case and the Parties' subsequent settlement discussions. (Igoe Decl. ¶¶ 19, 40.)

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The Parties' mediation discussions were significantly informed by the fact that their independent experts reached substantially the same conclusion as to the number of impacted employees and number of retroactive checks sent to correct potential errors during the Transition Period, about 18,700. Because this number was undisputed, the mediation focused on the Parties' starkly competing assessments of statutory penalty exposure, including disputes concerning the foreseeability of payroll compliance risks associated with the Workday system transition. The Settlement was reached only after extensive adversarial, arm's-length negotiations around these issues with the assistance of Mr. Loeb as a neutral mediator. (Igoe Decl. ¶¶ 17–18, 40.)

The Settlement was not the product of collusion and reflects a reasoned compromise based on the strengths and risks of continued litigation. (Igoe Decl. ¶¶ 18–19, 40.)

Plaintiffs and Class Counsel have concluded that the terms of the Settlement are fair, reasonable, adequate, and in the best interests of the Class Members, considering the sharply contested issues involved, the expense and time necessary to litigate the Action through trial and any appeals, the risk of an adverse outcome, the uncertainty of complex litigation, and the substantial benefits to be received by Class Members. (Igoe Decl. ¶¶ 18–19, 40.)

2. Summary of the Proposed Settlement

a. Class Definition

The proposed Class is defined as all hourly, non–exempt employees employed by Defendant and its affiliates in California who were issued incorrect pay or incorrect wage statements at any time between July 1, 2022 and December 31, 2022, due to Sutter's transition to Workday payroll software. (Settlement ¶ 2.B.)

b. Maximum Settlement Amount and Net Settlement Amount

Defendant has agreed to pay the Maximum Settlement Amount of $4,500,000 to resolve the Action, and to separately pay all employer payroll taxes owed on the wage portions of the Individual Class Payments. (Settlement ¶¶ 9, 17.) The Maximum Settlement Amount will be used to pay the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees, Class Counsel Costs, Class Representatives' Service Awards, and the Settlement Administration Costs. (Settlement ¶ 9.)

The resulting Net Settlement Amount of approximately $3,329,952 is the amount to be paid to Participating Class Members as Individual Class Payments after subtracting the following payments from the Maximum Settlement Amount, subject to Court approval: (1) Class Representatives' Service Awards of up to $10,000 each to Plaintiffs Ragoobar, Ugarte, and Henderson ($30,000 total) (Settlement ¶ 11); (2) Settlement Administration Costs of $69,750 (Settlement ¶ 12; Phoenix Decl. ¶ 16); (3) Class Counsel Fees of up to 20 percent of the Maximum Settlement Amount, $900,000 (Settlement ¶ 10); (4) Class Counsel Litigation Expenses of at least $57,798 (*ibid.*); and (5) of the PAGA Payment of $150,000, 75 percent ($112,500) will be paid to the LWDA (Settlement ¶ 13).

c. Individual Class Payments and Individual PAGA Payments

Each Participating Class Member will receive an Individual Class Payment calculated by dividing the Net Settlement Amount by the total number of Participating Class Members. (Settlement ¶ 14.) Individual Class Payments shall be allocated as 20 percent wages (to be reported on an IRS Form W-2) and 80 percent interest and penalties (to be reported on an IRS Form 1099). (Settlement ¶ 16.)

Each PAGA-Eligible Employee will receive an Individual PAGA Payment calculated by dividing the 25 percent portion of the PAGA Payment to be distributed to those individuals (i.e., $37,500) by the total number of PAGA–Eligible Employees. (Settlement ¶ 15.)

The Settlement does not provide preferential treatment to any Class Member, including the named Plaintiffs. All Participating Class Members will be treated equitably under the uniform pro rata allocation. This structure is fair in light of the increased efficiency and reduced administrative costs inherent in pro rata distribution, the penalty-based nature of the claims, and the absence of any remaining unpaid wages. (Igoe Decl. ¶¶ 38, 40.)

d. Notice to Class Members and Right to Opt Out or Object to Settlement

The proposed Class Notice provides information regarding the nature of the Action, a summary of the Settlement's terms, the Class and Class Period definitions, the estimated Individual Class Payment, instructions to submit Requests for Exclusion or Objections and the deadlines, and released claims. (Ex. 1 to the Settlement Agreement; Igoe Decl. ¶ 27.)

Within twenty calendar days after receiving the Class Data from Defendant, the Administrator will mail the Class Notice to all Class Members via First-Class USPS. (Settlement ¶ 27; Phoenix Decl. ¶¶ 7, 12.) Before mailing the Class Notice, the Administrator will search the National Change of Address Database for updated contact information. (Settlement ¶ 27.)

Any Class Notices returned as non-deliverable on or before the Response Deadline will be re-mailed to the forwarding address, or the Administrator will attempt to determine a correct address using skip-tracing or other automated search. (Settlement ¶ 28.) Class Members to whom a Class Notice is re-mailed shall have an additional fifteen calendar days from the date of the re-mailing to submit written Objections or Requests for Exclusion. (*Ibid.*)

Class Members who wish to opt out from the Settlement must mail a signed written request for exclusion to the Administrator by the Response Deadline, which is sixty calendar days after mailing of the Class Notice. (Settlement ¶ 32.) If more than five percent of the Class Members opt out, Defendant may, at its election, rescind the Settlement. (Settlement ¶ 33.)

To object to the Settlement, a Class Member must not submit a Request for Exclusion and must mail a written objection containing all required information to the Administrator before the Response Deadline. (Settlement ¶ 31.)

e. Payments Processing

Within fifteen calendar days after Defendant has provided the Settlement Administrator with the Maximum Settlement Amount, the Settlement Administrator will distribute payments to Plaintiffs for their Class Representatives' Service Awards, to Class Counsel for their awarded attorneys' fees and costs, to the LWDA, to the Participating Class Members for their Individual Class Payments, to all PAGA-Eligible Employees for their Individual PAGA Payments, and to itself for the Settlement Administration Costs. (Settlement ¶ 42; Phoenix Decl. ¶ 14.)

For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed after 180 days, the Settlement Administrator will void any uncashed checks, and, subject to the Court's approval, the total amount of any uncashed settlement checks will be transmitted to the Alameda Boys and Girls Club as cy pres. The Alameda Boys and Girls

Club was selected because of its public-serving mission benefiting working families and children of workers in the community affected by this Action. No portion of the Maximum Settlement Amount shall revert to Defendant. (Settlement ¶¶ 44, 45.)

f. Releases of Claims

Effective on the date when Defendant fully funds the Maximum Settlement Amount and all employer payroll taxes owed on the wage portion of the Individual Class Payments, Plaintiffs, Class Members, and Class Counsel will release claims against all Released Parties as follows:

Class Members' Released Claims. Effective on the date when Defendant fully funds the Maximum Settlement Amount and its share of employer-side payroll taxes owed on the wage portion of the Settlement Payments, Plaintiffs and all Participating Class Members will fully, finally and forever release, settle, compromise, relinquish, and discharge Defendant and all of the Released Parties from any and all claims, rights, demands, liabilities, and causes of action of every nature and description, from July 1, 2022 through December 31, 2022, including statutory, contractual, or common law claims for wages, damages, penalties, liquidated damages, interest, attorneys' fees, litigation costs, restitution, or equitable relief—whether asserted under the Labor Code, Business and Professions Code section 17200 et seq., the applicable wage orders at California Code of Regulations, title 8, section 11000 et seq., or otherwise—that were alleged or reasonably could have been alleged based on the factual allegations in Plaintiffs' operative Complaint and PAGA notices relating to Plaintiffs' claims, including but not limited to claims for: (a) equitable account of wages; (b) failure to keep accurate payroll records; (c) unlawful failure to pay wages; (d) failure to timely pay wages; (e) failure to provide accurate itemized wage statements; (f) PAGA violations; (g) unfair business practices, and (h) any claims for attorneys' fees and costs. (Settlement ¶ 18.)

PAGA–Released Claims by Plaintiffs and the State of California. Effective on the date when Defendant fully funds the Maximum Settlement Amount and its share of employer-side payroll taxes owed on the wage portion of the Settlement Payments, Plaintiffs, as agents and proxies of the State of California, and the State of California (including the LWDA), acting on behalf of the PAGA-Eligible Employees, shall release Defendant and all the Released Parties from any and all claims for PAGA civil penalties arising during the PAGA Period (July 1, 2022 through December

31, 2022), based on any of the underlying claims that were alleged, or reasonably could have been alleged, based on the factual allegations contained in Plaintiffs' operative Complaint and/or in Plaintiffs' notices provided to the LWDA in connection with this Action. It is understood and agreed that PAGA-Eligible Employees will not have the opportunity to opt out of this PAGA Release even if they have requested to be excluded from the Class Settlement. (Settlement ¶ 19.)

In addition to the Released Class Claims and Released PAGA Claims, the three named Plaintiffs agreed to a general release, including a waiver of rights under Civil Code section 1542. (Settlement ¶ 20.)

III. LEGAL ARGUMENT

A. Standard for Preliminary Approval of Class Action Settlement

Settlements are favored under the law, particularly in class actions. (*Bush v. Superior Court* (1992) 10 Cal.App.4th 1374, 1382.) To prevent fraud, collusion, or unfairness to the class, however, settlement of a class action requires court approval. (*Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1800–1801; Cal. Rules of Court, rules 3.769(c), 3.770(a).) The settlement of a PAGA claim likewise requires court approval. (Lab. Code, § 2699, subd. (l) ["the court shall review and approve any penalties sought as part of a proposed settlement agreement pursuant to this part"].)

This Court has discretion in its approval decision. (*Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 128; *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 234–235.) In exercising this discretion, at the preliminary approval stage, the court "limits its inquiry to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties." (*In re Microsoft I–V Cases* (2006) 135 Cal.App.4th 706, 723; *7–Eleven Owners for Fair Franchising v. Southland Corp.* (2000) 85 Cal.App.4th 1135, 1145.) And the Court ought to be mindful that "[s]ettlement is a compromise, which balances the possible recovery against the risks inherent in litigating further." (*In re TD Ameritrade Account Holder Litig.* (N.D.Cal. 2011) 2011 U.S. Dist. LEXIS 103222, at *24.) "The court's duty is to determine whether the settlement is fair, adequate, and reasonable, not to reach ultimate conclusions on contested issues." (*Officers for Justice v. Civil Serv. Com.* (9th Cir. 1982)

688 F.2d 615, 625.)

Trial courts apply a "lesser standard of scrutiny" for certifying a settlement class than a litigation class. (*Dunk v. Ford Motor Co.*, *supra*, 48 Cal.App.4th at p. 1807, fn. 19.) A "presumption of fairness exists 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." (*Ibid.* at p. 1802, citing Newberg & Conte, *Newberg on Class Actions* (3d ed. 1992) § 11.41.) And a trial court should give considerable weight to the competency and integrity of counsel and the involvement of a neutral mediator in assuring itself that a settlement agreement represents an arm's-length transaction entered without self-dealing or other potential misconduct. (*Kullar v. Foot Locker Retail, Inc.*, *supra*, 168 Cal.App.4th at p. 129; *Dunk*, *supra*, at p. 1802.)

B. The Proposed Settlement Satisfies the Standards for Preliminary Approval

1. The Settlement Is the Result of Arm's-Length Negotiations

This Settlement was the product of extensive arm's-length negotiations by the Parties in a full day of mediation before experienced class action mediator Michael Loeb. (Igoe Decl. ¶¶ 17–18, 40.) In advance of the mediation and throughout the day, the Parties advanced competing factual and legal positions concerning liability, defenses, and the scope of potential statutory penalties. The information exchanged between the Parties, including payroll data subjected to independent expert analysis, allowed them to assess the merits of the claims and defenses and reach a reasoned compromise. (Igoe Decl. ¶¶ 14–15, 17–18.) The negotiations were adversarial and non-collusive at all times.

2. There Has Been Sufficient Investigation and Informal Discovery to Allow Plaintiffs and the Court to Act Intelligently and Evaluate the Settlement

The Parties thoroughly investigated and evaluated the factual strengths and weaknesses of their respective claims and defenses before reaching the Settlement. Prior to the mediation, Defendant produced detailed time and payroll records, as well as payroll correction data. Plaintiffs retained Thomas M. Neches, CPA, to analyze these records. (Igoe Decl. ¶ 15.)

Mr. Neches independently confirmed nearly the same number of erroneous wage statements (about 18,700) and impacted employees (about 17,500) identified by the analysis of Defendant's own expert. (Igoe Decl. ¶¶ 15, 24.) This convergence of independent expert analysis of these key numbers provided an objective and reliable foundation for settlement negotiations, especially as there is no evidence that any wages remain unpaid. (*Ibid.*) As such, this litigation has reached the stage where "the Parties certainly have a clear view of the strengths and weaknesses of their cases" sufficient to support the settlement. (*In re Warner Commc'ns Sec. Litig.* (S.D.N.Y. 1985) 618 F.Supp. 735, 745.)

3. Class Counsel Is Experienced in Similar Litigation

The view of the attorneys actively conducting the litigation "is entitled to significant weight" in deciding whether to approve the settlement. (*Fisher Bros. v. Cambridge–Lee Indus., Inc.* (E.D.Pa. 1985) 630 F.Supp. 482, 488; *Ellis v. Naval Air Rework Facility* (N.D.Cal. 1980) 87 F.R.D. 15, 18, aff'd (9th Cir. 1981) 661 F.2d 939; *Boyd v. Bechtel Corp.* (N.D.Cal. 1979) 485 F.Supp. 610, 616–617.) Class Counsel are experienced in high-value class cases, including wage-and-hour, WARN Act, and employment discrimination actions. (Igoe Decl. ¶¶ 48–49.) Counsel are well-qualified to evaluate the risks and benefits of settlement versus further litigation.

Plaintiffs' Counsel are prepared to litigate Plaintiffs' claims through trial and any resulting appellate proceeding. Counsel believe, however, that this Settlement is fair and reasonable in light of the complexities of the case, the penalty-based nature of the claims, the absence of unpaid wages, and the uncertainties of class certification and further litigation. (Igoe Decl. ¶¶ 18–19, 40.)

4. There Is No Known Opposition to the Settlement

To date, Plaintiffs and their Counsel are unaware of any opposition to the settlement. Counsel are not aware of other pending actions concerning the same Transition or Transition Period. (Igoe Decl. ¶ 46.)

C. Approval Is Further Warranted Because the Settlement Is Fair and Reasonable Given the Substantial Benefits to the Class Members and the Risks and Expense of Complex and Protracted Litigation

When exercising their discretion in conjunction with the four factors discussed above, courts also consider the (1) strengths and weaknesses of plaintiffs' case; (2) the risks, expense, and duration of further litigation; (3) the recovery amount; and (4) the fairness of the proposed distribution. (*Dunk*, *supra*, 48 Cal.App.4th at p. 1802.) In this case, these considerations further weigh in favor of preliminary approval.

1. Strengths and Weaknesses

Throughout early litigation and through the mediation process, Plaintiffs contended that the payroll inaccuracies identified during the Workday rollout were not merely inadvertent or isolated errors but were a foreseeable consequence of a universal payroll system conversion, particularly where the transition was not implemented incrementally and there were insufficient safeguards to correct errors as they arose. Plaintiffs advanced well-grounded arguments that the wage statement penalties implicated included Labor Code sections 204 and 210 (willful failure to pay all wages at the end of the pay period), sections 226, subd. (a) and 226.3 (inaccurate wage statements and records), sections 510 and 2699 (failure to pay overtime), and sections 558, subd. (d) (violation of any provision regulating hours and days of work). According to Mr. Neches's expert determination of the number of retro checks and the original wage statement errors they represented, as well as his assessment of the types of errors in the wage statements, and applying Plaintiffs' theories of liability, Mr. Neches calculated the maximum penalties to be $21,885,077. (Igoe Decl. ¶¶ 37–38.) Defendant, however, likewise advanced strong arguments against willfulness and stacking—maintaining that it acted in good faith and took prompt remedial action once payroll errors were identified, defenses that, if credited, could substantially reduce exposure. Defendant further argued that courts retain broad discretion to reduce penalty awards that would otherwise be unjust or disproportionate, particularly where, as here, there was no deterrent effect to any penalties, as Defendant contended that it had promptly remedied any errors by the close of the class period. (Igoe Decl. ¶¶ 37(a)(iii), 37(b)(iii), 39(b), 40.) Accordingly, there were significant strengths and weaknesses on both sides.

2. Risks, Duration, and Expense of Litigation

In negotiating and assessing the final Settlement, Class Counsel also recognized the expense and length of proceedings necessary to resolve this litigation would be substantial. Likewise, while Class Counsel and Plaintiffs believe in the strength of their claims, they have also balanced their evaluation of the validity and merit of the asserted claims against potential problems of proof, the legal standards governing litigation of class claims, uncertainty of obtaining and maintaining class certification, the potential for appeals, and the expense and burden of prolonged litigation. These considerations strongly supported the fairness of the compromise reached. (*Glass v. UBS Fin. Servs.* (N.D.Cal. 2007) 2007 WL 221862, at *9 ["In light of the above-referenced uncertainty in the law, the risk, expense, complexity, and likely duration of further litigation likewise favors the settlement"].)

3. Amount of Settlement

Given the absence of any remaining unpaid wages, this Action is a pure wage statement penalty case. The $4,500,000 settlement represents approximately 20 percent of Plaintiffs' calculated $21,885,077 maximum exposure. This is a reasonable compromise in light of the litigation risks, as well as likely cost and duration. (See *In re MyFord Touch Consumer Litig.* (N.D.Cal. 2019) 2019 WL 1411510, at *10 [citing cases where settlement ranges from 5 to 10 percent of potential recovery].)

4. The PAGA Portion of the Settlement Is Fair and Reasonable

The Court retains broad discretion to reduce PAGA penalties that would otherwise be unjust, arbitrary, or disproportionate to the underlying violations. (Lab. Code, § 2699, subd. (e)(2); *Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 522.) Courts routinely exercise this discretion to approve PAGA allocations that represent a fraction of theoretical maximum exposure, particularly where, as here, the underlying wages have been paid and the violations were corrected during the relevant period. (See *Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 77.)

The $150,000 PAGA allocation reflects a reasonable compromise in light of the significant litigation risks associated with pursuing PAGA penalties to judgment. Defendant maintained strong defenses that the payroll errors were promptly identified and corrected, that any violations were not "knowing and intentional," and that courts are often adverse to the stacking of penalties across multiple Labor Code sections. Courts have broad discretion under Labor Code section 2699, subd. (e)(2) to reduce or eliminate PAGA penalties even where violations are established, including awarding no penalties at all. (*Carrington v. Starbucks Corp.*, *supra*, 30 Cal.App.5th at pp. 522–523 [affirming zero penalty award]; see also *Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1213–1214.) Defendant would have vigorously contested any penalty award as disproportionate to the nature of the violations—temporary system errors during a payroll transition that resulted in no lasting wage loss. Given the Court's broad discretion to reduce PAGA penalties to zero where violations are technical, temporary, or disproportionate, the Parties evaluated the realistic PAGA recovery range as substantially below the theoretical maximum.

Given these risks, the Parties determined that allocating a greater share of the settlement to direct class member recovery through the wage and hour claims, rather than to PAGA penalties (of which 75 percent goes to the LWDA), better served the interests of the affected employees. This allocation ensures that the individuals who experienced the payroll disruptions receive the maximum practical benefit from the settlement. The $150,000 PAGA component, with $112,500 to the LWDA and $37,500 to aggrieved employees, nonetheless advances PAGA's core purpose of incentivizing employer compliance while appropriately accounting for the remedial actions Defendant took during the Transition Period. (Igoe Decl. ¶¶ 39–40(d)–(e).)

5. Fairness of Distribution

The Settlement treats all Class Members equally, providing no preferential treatment for the named Plaintiffs or any segment of the Class. Individual Class Payments will be distributed on a uniform pro rata basis by dividing the Net Settlement Amount by the total number of Participating Class Members. (Settlement ¶ 14.) This uniform distribution method is preferable given the penalty–based nature of the claims, the absence of any remaining unpaid wages, as well as the additional cost and delay inherent in attempting to use these complex data sets to determine the maximum per–Class Member penalties engendered by each specific wage statement received by each Member. Equal distribution will allow for quick, easily administered distribution of the Settlement. (Igoe Decl. ¶¶ 40(d)–(e).)

In sum, consideration of all the *Dunk* factors, collectively and individually, strongly supports preliminary approval of the Settlement.

IV. PROVISIONAL CERTIFICATION OF THE CLASS IS APPROPRIATE

California courts may certify a class for settlement purposes only. (Cal. Rules of Court, rule 3.769(d); *Dunk v. Ford Motor Co.*, *supra*, 48 Cal.App.4th at p. 1800.) Trial courts apply a "lesser standard of scrutiny" for certifying a settlement class than a litigation class. (*Ibid.* at p. 1807, fn. 19.)

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To certify a settlement class, it must be: (1) an ascertainable class with sufficient numerosity, and (2) a well–defined community of interest among class members. (*Sav–On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 326.) The community of interest requirement embodies three factors: (1) predominant common questions of law or fact; (2) class representatives with claims typical of the class; and (3) class representatives who can adequately represent the class. (*Ibid.*) Applying these standards here, provisional certification is warranted.

A. Ascertainability and Numerosity

A proposed class is ascertainable if the class members can be objectively identified and given notice of the litigation without unreasonable time or expense. (*Medrazo v. Honda of North Hollywood* (2008) 166 Cal.App.4th 89, 101; *Global Minerals & Metals Corp. v. Superior Court* (2003) 113 Cal.App.4th 836, 858.) Here the proposed Class is easily ascertainable because Defendant has the ability to identify all hourly, non-exempt employees who received incorrect pay or incorrect wage statements during the Transition Period due to the Workday transition. (Igoe Decl. ¶ 45.) The Class includes approximately 17,500 individuals. (Igoe Decl. ¶ 43.) This number is sufficient to meet the numerosity requirement. (See *Rose v. City of Hayward* (1981) 126 Cal.App.3d 926, 934.)

B. Well-Defined Community of Interest

A well-defined community of interest exists where (i) legal or factual questions common to the class predominate over questions affecting individual class members; (ii) claims of the class representative are typical of the claims or defenses of the class; and (iii) the class representative can adequately and fairly protect the interests of the class. (*Sav-On Drug Stores, Inc. v. Superior Court*, *supra*, 34 Cal.4th at p. 326; *Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 238.) All these factors are present here.

1. Commonality

Commonality is satisfied where the class members' claims share questions of law or fact that are substantially similar. (*Wershba*, *supra*, 91 Cal.App.4th at p. 238.) In this case, that standard is easily satisfied. The claims of Plaintiffs and the Class Members all flow from the same facts and legal claims: that Defendant's transition to Workday payroll software resulted in incorrect wage statements for hourly, non–exempt employees during the Transition Period, which in turn resulted in underpayment of wages at the time (though since corrected). The common questions include whether Defendant's payroll system transition caused statutory violations, whether those violations were foreseeable, and whether statutory penalties are warranted. Under these circumstances, the commonality requirement is satisfied. (Igoe Decl. ¶ 41.)

2. Typicality

The typicality requirement is satisfied where the class representative's claims arise from the same course of conduct and are based on the same legal theory as the claims of the class members, even if the specific underlying facts differ. (*Seastrom v. Neways, Inc.* (2007) 149 Cal.App.4th 1496, 1502.) This factor is easily satisfied in this case. Plaintiffs' claims are typical of the Class because they arise from the same factual basis and legal theories as those of the Class Members—namely, the receipt of incorrect pay or incorrect wage statements due to the Transition Period. (Igoe Decl. ¶ 42.)

3. Adequacy of Representation

A class representative is adequate where the representative's interests are not antagonistic to or in conflict with the class, and no unique defense will be a major focus of the litigation. (*Medrazo v. Honda of North Hollywood* (2012) 205 Cal.App.4th 1, 14; *Martinez v. Joe's Crab Shack Holdings* (2014) 231 Cal.App.4th 362, 375.) Class Counsel are not aware of any interests of the Class Representatives which are adverse to any interests of the Class. (Igoe Decl. ¶ 43.) And there is no unique defense that would be a major focus of litigation. Accordingly, this factor likewise supports the conditional certification of the proposed Class.

V. THE COURT SHOULD APPOINT PHOENIX SETTLEMENT ADMINISTRATORS

The Parties propose that the Court appoint Phoenix Settlement Administrators to serve as the Administrator. Phoenix is an experienced class action settlement administrator and has provided an estimate for its services not to exceed $69,750. (Phoenix Decl. ¶¶ 3–6, 16.)

A. The Notice to be Provided to Class Members Is Sufficient

What constitutes adequate notice will depend on the circumstances of each case. (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 251; see Cal. Rules of Court, rule 3.766(d).) In this case, the Class Notice identifies the Parties, describes the Action and Class, summarizes the proceedings and terms of the Settlement in an informative and coherent manner, and is accurate, objective, and understandable to Class Members. (Igoe Decl. ¶ 47.) It clearly states that the Settlement is not an admission of liability by Defendant, the Court has not ruled on the merits, and the final settlement approval decision has yet to be made. (*Ibid.*) The Class Notice meets the applicable legal standards since it apprises the Class Members of the terms of the proposed settlement and of the options open to objecting class members. (*Wershba*, *supra*, at p. 251; see Cal. Rules of Court, rule 3.766(d).)

B. The Manner of Supplying Notice to Class Members Is Sufficient

"The notice given should have a reasonable chance of reaching a substantial percentage of the class members . . . ." (*Cartt v. Superior Court* (1975) 50 Cal.App.3d 960, 973.) This standard is satisfied by the plan in this case to mail the Class Notice by First-Class USPS to all Class Members on the Class list, with address verification through the National Change of Address Database and skip–tracing for returned mail. (Settlement ¶¶ 27-28; Phoenix Decl. ¶¶ 7,12.) The 60-day Response Deadline, with a 15-day extension for re–mailed notices, provides adequate time for Class Members to consider their options and respond. (Settlement ¶¶ 28, 32.)

V. CONCLUSION

For all the foregoing reasons, Plaintiffs respectfully request that the Court grant preliminary approval of the proposed settlement and enter the proposed Order Granting Preliminary Approval, authorize mailing of the Class Notice, and set a date for a final approval hearing.

Respectfully submitted,

Dated: March 13, 2026 CAROL IGOE LAW, APC

/s/ Carol A. Igoe

Carol A. Igoe

Attorneys for Plaintiffs

INGRID RAGOOBAR,
AMBER UGARTE, AND
MARKI HENDERSON

PROOF OF SERVICE

I am over the age of eighteen years and not a party to the within action. My business address is 1999 Harrison Street, 18th Floor, Oakland, CA 94612. On April 2, 2026, I served a true and correct copy of the following document:

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT AGREEMENT; CONDITIONAL CERTIFICATION OF THE SETTLEMENT CLASS; APPROVAL OF CLASS NOTICE; AND APPOINTMENT OF SETTLEMENT ADMINISTRATOR

via electronic mail on the parties listed below:

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on April 2, 2026 at Monona, Dane County, Wisconsin.

Kristen L Comstock
Kristen L. Comstock