THE MARKHAM LAW FIRM
David R. Markham (SBN 71814)
dmarkham@markham-law.com
Lisa R. Brevard (SBN 323391)
lbrevard@markham-law.com
888 Prospect Street, Suite 200
La Jolla, CA 92037
Telephone: (619) 399-3995/Facsimile: (619) 615-2067

COHELAN KHOURY & SINGER
Isam C. Khoury (SBN 58759)
ikhoury@ckslaw.com
Michael D. Singer (SBN 115301)
msinger@ckslaw.com
Maggie K. Realin (SBN 263639)
mrealin@ckslaw.com
605 C Street, Suite 200
San Diego, CA 92101
Telephone: (619) 595-3001/Facsimile: (619) 595-3000

[Additional Counsel Listed on Next Page]
Attorneys for Plaintiff CHRISTIAN SANCHEZ

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

CHRISTIAN SANCHEZ, ATU AKINLABI WATSON, and TYRON WESLEY MCCARTHER, individuals, on behalf of themselves and all others similarly situated, Plaintiffs, v. SPOKE LOGISTICS, LLC, a Wyoming Limited Liability Company, and Does 1-25, Inclusive, Defendant.	Case No. 23-CV-035138 ASSIGNED FOR ALL PURPOSES TO: The Honorable Victoria Kolakowski Department 16 **CLASS AND REPRESENTATIVE ACTION** **DECLARATION OF MAGGIE REALIN IN SUPPORT OF PLAINTIFFS' UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT** Date: April 14, 2026 Time: 2:30 p.m. Dept.: 16 Reservation: 408531732666 Complaint filed: June 6, 2023 Trial Date: Not Set

SPOKE LOGISTICS, LLC, a California Corporation,

Cross-Complainant,

v.

HE IS THE WAY TRANSPORT SERVICES, INC.,

Cross-Defendant.

Complaint filed: September 11, 2023
Trial Date: Not Set

UNITED EMPLOYEES LAW GROUP
Walter L. Haines (SBN 71075)
whaines@uelglaw.com
8605 Santa Monica Blvd., #63354
West Hollywood, CA 90069
Telephone: (562) 256-1047/Facsimile: (562) 256-1006

Attorneys for Plaintiff CHRISTIAN SANCHEZ

SIRMABEKIAN LAW FIRM, PC
Sarkis Sirmabekian (SBN 278588)
contact@slawla.com
2600 W. Olive Avenue, Suite 549
Burbank, CA 91505
Telephone: (818) 473-5003/Facsimile: (818) 476-5619

Attorneys for Plaintiffs ATU AKINLABI WATSON and TYRON WESLEY MCCARTHER

I, Maggie Realin, declare as follows:

1. I am a Partner at the law firm of Cohelan Khoury & Singer, co-counsel of record for Plaintiff Christian Sanchez ("Plaintiff") in this Action. I submit this declaration in support of Plaintiffs' Unopposed Motion for Preliminary Approval of Class and Representative Action Settlement. The following facts are within my personal knowledge and if called to testify I could and would competently testify to them.

2. Plaintiffs Christian Sanchez, Atu Akinlabi Watson, and Tyron Wesley McCarther ("Plaintiffs") seek preliminary approval, under Rule 3.769(c) of the California Rules of Court, of a $1,050,000 non-reversionary Settlement on behalf of approximately 300 drivers who worked for Defendant Spoke Logistics, LLC ("Spoke" or "Defendant") in California between September 18, 2021 and December 17, 2025 (the "Class Period"), and approximately 255 Aggrieved Employees who worked for Defendant in California between March 30, 2022, to December 17, 2025 (the "PAGA Period").

3. On June 6, 2023, Plaintiff Sanchez filed a PAGA-only complaint in Alameda Superior Court, seeking civil penalties on behalf of Defendant's misclassified drivers. Sanchez began working for Spoke Logistics in July 2022, delivering durable medical equipment on behalf of Apria Healthcare. Although classified as an independent contractor and issued a 1099 form, he alleges that the nature of his work and the level of control exercised by Spoke Logistics reflected an employee relationship.

4. Sanchez worked approximately six days a week, averaging over 50 hours and 700 miles weekly. He was paid a flat daily rate of $340, without additional compensation for overtime. His delivery routes and schedules were assigned through an iPad and mobile app managed by Spoke and Apria, and new assignments were added throughout the day. He states that this made it difficult to take uninterrupted meal and rest breaks, and no formal system was provided to request them.

5. Sanchez was required to use his own vehicle and cover related expenses, including fuel, insurance, and maintenance. He alleges he could not subcontract his work or use third-party equipment. Although the agreement allowed some independence, he asserts that his

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101

duties, schedule, and restrictions were consistent with those of a W-2 employee. He previously performed similar work for another company under employee classification.

6. Four months after the *Sanchez* action, Plaintiffs Watson and McCarther filed a similar PAGA lawsuit against Spoke Logistics, initially in Orange County Superior Court. The case was amended and refiled in Alameda County Superior Court on June 6, 2024. Like Sanchez, the *Watson* plaintiffs worked as delivery drivers for Spoke and allege they were misclassified as independent contractors. Consequently, they claim they were unlawfully denied overtime pay, meal and rest breaks, reimbursement for business expenses, timely payment of final wages upon separation, and accurate itemized wage statements. *Watson* plaintiffs did not typically deliver for Apria Healthcare.

7. On September 11, 2023, Spoke filed a cross-complaint against He Is The Way Transport Services, Inc. ("HWTS") in the *Sanchez* action, alleging HWTS was the actual employer of Plaintiff Sanchez and responsible for any labor code violations.

8. No cross-complaint was filed in the *Watson* action. Spoke asserted it acted only as a licensed broker and had an independent contractor relationship with HWTS under a July 5, 2022 Broker-Carrier Agreement. The agreement purportedly required HWTS to comply with the law and indemnify Spoke for losses from HWTS's conduct.

9. After some litigation and discovery, the parties attended a private mediation on September 18, 2025. The case eventually settled. For purposes of settlement, the parties stipulated to filing a First Amended Complaint (FAC) alleging class claims and adding Watson and McCarther as named Plaintiffs in addition to Sanchez after which the Watson case will be dismissed; all claims released in the settlement are alleged in the FAC.

10. The Parties conducted a thorough investigation of the claims and facts alleged in this action through both written discovery and the informal exchange of information for mediation purposes. Plaintiffs undertook an in-depth analysis of the legal principles applicable to their claims against Defendant. Plaintiffs reviewed data points and company documents, including policies, broker-carrier contracts, and data points for the driver group, to evaluate their misclassification claim and analyzed pre-mediation document production and diligently

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101

investigated Class Members' claims to prepare a damage model. As a result of this careful investigation, both parties developed a clear understanding of their respective claims and defenses.

11. Although Plaintiffs are confident in their position, they recognize several risks to succeeding on the merits.

12. First, Spoke will argue that the claims of over half of the drivers are barred by the class and PAGA settlement in *Quintero v. Apria Healthcare LLC*, Case No. 20STCV42367, which was finally approved on July 14, 2025. The $16.5 million settlement resolved claims of drivers supplied to Apria by vendors including Spoke, covering the period through January 30, 2025. The settlement includes a broad release extending to all potentially jointly liable parties, including Spoke. Accordingly, Spoke contends that class and PAGA claims by drivers assigned to Apria by Spoke through January 30, 2025 – which affects 54% of workweeks in this case, have already been released and cannot be re-litigated.

13. Second, Defendant will argue that Plaintiffs and other drivers were properly classified as independent contractors under the business-to-business exception in Labor Code § 2776, which triggers the *Borello* test. According to Defendant, because Spoke meets the statutory requirements for the business-to-business exemption, *Borello*—a flexible, multi-factor test—applies. Spoke will argue it operated solely as a broker, not a carrier, and exercised no control over how Plaintiffs performed their work, that Plaintiffs used their own vehicles, had motor carrier authority, set their own schedules, accepted or rejected work, were paid under negotiated contracts, and many operated their own businesses, employed drivers, and worked for other clients.

14. Third, even if the ABC test applies here, Defendant will argue that Plaintiffs still do not qualify as employees. According to Defendant, Plaintiffs operated through independent businesses that controlled their own operations and paid their own drivers. Spoke acted solely as a broker—it did not own vehicles, employ drivers, or direct how deliveries were performed. Defendant will argue that Plaintiffs were free to accept or reject assignments, contract with other brokers, and were solely responsible for licensing, insurance, and regulatory compliance.

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101

Government-imposed requirements, Defendant contends, do not establish "control" under the ABC test. Spoke will argue that because it did not control the manner or means of Plaintiffs' work, and because they operated as independent businesses, all three prongs of the ABC test are met—and hence, Plaintiffs were not misclassified.

15. Additionally, Defendant will argue that Plaintiffs' claims for unpaid wages—including overtime and meal and rest period premiums—depend entirely on the threshold issue of misclassification. If Plaintiffs were properly classified as independent contractors, these wage claims fail entirely, aside from the expense reimbursement claim.

16. Wage statement and untimely wage claims are further derivative of Plaintiffs' unpaid time, meal and rest break claims, so if Plaintiffs did not prevail on the underlying claims, their derivative claims would also fail. Defendant would likely assert that wages that were not paid cannot form the basis of these derivative claims

17. The Parties estimate there were approximately 11,200 workweeks worked by the 300 class members during the class period. On average, a participating class member may expect to receive approximately $50.00 per workweek or $1,865 total.

18. The Parties agreed $52,500 of the Gross Settlement Amount will be allocated for payment under PAGA. Of this amount, 75% ($39,375) will be paid to the LWDA, and 25% ($13,125) to Aggrieved Employees, who are those Class Members who worked for Defendant from March 30, 2022 to December 17, 2025. The PAGA penalties to be paid under this Settlement represent almost 1% of the total potential maximum PAGA penalties for Plaintiffs' direct claims, assuming class members could prove misclassification and that they suffered four types of violations in <u>every single</u> pay period (11,200 pay periods times $100, multiplied by 5 penalties for unpaid time, meal breaks, rest breaks, sick pay, and unreimbursed expenses per pay period = $<u>5,600,000).</u>

19. The settlement amount of $1,050,000 derives from Plaintiffs' claim that they were misclassified as independent contractors, and as a result, were not paid all wages, were denied meal and rest break premiums, and were not reimbursed for business expenses. According to Defendant's records, class members collectively worked approximately 11,200

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101

workweeks as of the date of mediation.

20. Plaintiffs earned approximately $340 per week. Based on a 42.5-hour workweek, this equates to an hourly rate of approximately $40 for the purposes of the calculations below. Defendant's maximum exposure is as follows:

(i) Unpaid Overtime Claim: **$1,680,000**. This is based on Plaintiffs' schedule of working 42.5 hours per week; the 2.5 hours per workweek should be paid at an overtime rate of $60 per hour. With a total of 11,200 workweeks worked by all drivers, this results in 28,000 hours of unpaid overtime (2.5 hours × 11,200 workweeks). At the overtime rate of $60, the total damages for unpaid overtime amount to **$1,680,000** (28,000 hours x $60/hour).

(ii) Meal Break Claim: **$896,000**. Plaintiffs estimate they were not able to take a compliant meal break twice a week. Thus, Spoke's realistic exposure for unpaid meal break premiums is 11,200 x $40 x 2 = $896,000.

(iii) Rest Break Claim: **$896,000.** Plaintiffs estimate they were not able to take a rest break twice a week. Thus, Spoke's realistic exposure for unpaid meal break premiums is 11,200 x $40 x 2 = $896,000.

(iv) Wage statement penalties: **$1,200,000**, based on the $50 per pay period for the initial violation (300 pay periods x $50 = $15,000) and $100 for the subsequent violations ($100 x 10,900 pay periods = $1,090.000). Thus, the total penalties amount to $1,105,000 ($15,000 + $1,090,000). However, this would be less the $4,000 cap per class member, thus the total maximum penalties are $1,200,000 (300 class members * $4,000).

(v) Waiting time penalties: Plaintiffs calculated daily wages for approximately 251 former employees at $470 (8 hours at $40 + 2.5 hours at $60), times 30 days, to amount to **$3,539,100**.

(vi) Unreimbursed Business Expenses: **$5,328,624**. Plaintiffs spent approximately $300 per week for fuel, $20 per week on cell phone, $70 for a commercial van insurance, and the DMV registration fee breaks down to about $9 per week. Routine maintenance is estimated at $30 per week, and oil changes—at five per year costing $200 each—add another $20 weekly. Altogether, these expenses total approximately **$450 per week, and when multiplied**

by 11,200 class workweeks equal $5,040,000 in total Spoke's exposure.

(vii) Labor Code 226.8 penalties for Willful Misclassification: $5,000 x 300 drivers = **$1,500,000**.

21. Thus, Defendant's potential maximum liability for Plaintiffs' direct claims is **$8,800,624**, and an additional $6,239,100 for Plaintiffs' wage statement, waiting time, and willful misclassification penalties claims, possible only if Plaintiffs prevailed on their underlying claims, for a total of **$15,039,724**. Thus, the Gross Settlement Amount of $1,050,000 represents almost 12% Defendant's maximum potential liability for Plaintiffs' direct claims, and approximately 7% (6.98%) of Defendant's maximum liability for all of Plaintiffs' claims, without any discounts

22. However, when considering Spoke's plausible argument that the class claims applicable to 54% of workweeks at issue here have been resolved by the *Quintero* settlement, Spoke's maximum exposure for all claims is $6,918,273.04 (46% of $15,039,724).

23. **Thus, this settlement represents 15.2% of Defendant's realistic liability for Plaintiffs' claims.** This is an excellent result, without any risks, costs, and uncertainty of prolonged litigation, and well within the range of – and exceeding - settlements commonly approved by California state and district courts.

24. Without accounting for the length of each class member's providing services for Defendant, a class member will recover on average **over $1,850** as a result of this settlement, or approximately $50 per workweek.

25. Class Members will receive a portion of the Gross Settlement Amount based on the number of workweeks they worked for Spoke during the class period. This formula is realistic because Class Members' individual recovery is proportionate to the amount of time the Class Members worked for Defendant.

26. There are common questions of law and fact that apply to Class Members across the board, because all Class Members were subject to Defendant's classification as independent contractors which Plaintiffs argue was unlawful, method/rate of pay, meal and rest break and expense reimbursement policies and practices (or lack thereof).

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101

27. Those questions include: (i) Whether or not Class Members were misclassified as independent contractors; (ii) Whether or not Class Members were provided with off-duty, uninterrupted meal and rest breaks; (iii) whether Class Members were not paid overtime wages for hours worked over 40 in a week and 8 in a day; (iv) Whether or not Class Members incurred business expenses without reimbursement; (v) Whether or not Class Members were provided with all wages due upon separation under Labor Code section 203; (vi) Whether or not Class Members were provided with accurate wage statements as required by Labor Code section 226; (vii) Whether or not Defendant engaged in unfair business practices in violation of the UCL.

28. Plaintiffs' claims arise from the same facts and legal theories as the Class Members' claims. Plaintiffs are members of the class of independent contractor drivers of Spoke in California, and subject to the same policies and practices of Spoke with respect to classification, pay, meal and rest breaks, and expense reimbursement.

29. In addition, Plaintiffs have the same interests as the rest of the Settlement Class, because they have allegedly been injured in substantially the same manner.

30. Plaintiffs assisted in investigation, participated in multiple call conferences with counsel, provided and reviewed documents and pleadings, and were on standby during mediation.

31. I have no conflicts of interest with the class or with the class representative. I am not related to the representative Plaintiffs. I do not represent opposing factions within the class in that all claims are predicated upon the same theories of liability and benefit all class members equally. In sum, I am well–suited to act as Class Counsel and will continue to vigorously represent the interests of the class

I declare under the penalty of perjury under the laws of United States and the State of California that the foregoing is true and correct and that this declaration is executed on March 18, 2026, in San Diego, California.

MRealin

Maggie K. Realin

COHELAN KHOURY & SINGER
605 C Street, Suite 200
San Diego, CA 92101