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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ALFREDO DURAN, as an individual and on behalf of all others similarly situated, Plaintiff, vs. SCOTT CONSTRUCTION SPECIALTIES, INC., a California corporation; and DOES 1 through 100, inclusive, Defendants.	Case No.: 23STCV05170 [*Assigned for all purposes to the Hon. Timothy P. Dillon, Dept. SSC-15*] **PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** Date: January 5, 2026 Time: 11:00 a.m. Dept.: SSC-15

TO THE COURT, ALL PARTIES, AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that pursuant to Rule 3.769 of the California Rules of Court, on January 5, 2026 at 11:00 a.m. in Department SSC-15 of the above-entitled Court, located at 312 North Spring Street, Los Angeles, California, 90012, Plaintiff Alfredo Duran ("Plaintiff"), individually and on behalf of a class of similarly situated individuals, will and hereby does move this Court for:

1. Preliminary approval of the proposed class settlement of this lawsuit;
2. Pursuant to section 382 of the California Code of Civil Procedure, and for settlement purposes only, provisional certification of the following Settlement Class defined as follows:

   All current and former non-exempt employees who were employed by Defendant in California during the Class Period.

   The Class Period is the period from March 8, 2019 to September 6, 2025.
3. Preliminary appointment of Plaintiff Alfredo Duran as Class Representative;
4. Preliminary appointment of Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC and Paul K. Haines of Haines Law Group, APC as Class Counsel;
5. The scheduling of a hearing to consider whether the Settlement should be finally approved and to permit a service award to Plaintiff, Settlement Administration costs, civil penalties payable to the California Labor Workforce Development Agency, and attorneys' fees and costs to Class Counsel;
6. Appointment of Phoenix Settlement Administrators as the third-party Settlement Administrator for mailing notices; and
7. Approval of the proposed Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval ("Class Notice") which is attached to the Settlement as Exhibit B, and an order that it be disseminated to the proposed Settlement Class Members as provided in the Settlement Agreement.

This Motion is based on this notice of motion, the memorandum of points and authorities, the declarations of Scott M. Lidman, Milan Moore, Tiara Gose-Hardy, Paul K. Haines, Plaintiff Alfredo Duran, and Jodey Lawrence of Phoenix Settlement Administrators, and the exhibits attached thereto, the pleadings and other papers filed in this action, and on any further oral or documentary evidence or argument presented at the time of hearing.

Dated: October 29, 2025

Respectfully submitted,
LIDMAN LAW, APC

By: ______________________
Scott M. Lidman

Attorneys for Plaintiff
ALFREDO DURAN

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Alfredo Duran ("Plaintiff") brought this class and representative action against Defendant Scott Construction Specialties, Inc. ("Defendant") alleging various wage and hour and related violations. Plaintiff's primary claims/allegations are that Defendant: (1) failed to pay all overtime wages owed; (2) failed to pay all minimum wages owed; (3) failed to provide meal periods; (4) failed to authorize and permit all rest periods; (5) failed to indemnify all necessary business expenditures; (6) failed to pay all wages owed upon termination; (7) engaged in unfair competition; and (8) is liable for civil penalties under the Labor Code Private Attorneys General Act of 2004 ("PAGA").

Plaintiff now respectfully requests that this Court preliminarily approve this non-reversionary, class action settlement,[1] in which Defendant has agreed to pay $499,000.00 on behalf of the following Settlement Class:

> All current and former non-exempt employees who were employed by Defendant Scott Construction Specialties, Inc. in California during the Class Period.
>
> The Class Period is the period from March 8, 2019 to September 6, 2025.

Significantly, Class Members do not need to file a claim to benefit from the Settlement because all Class Members will automatically receive a payment unless they affirmatively opt-out. After deducting administration costs, Plaintiff's service award, attorneys' fees and costs, and PAGA Penalties, the remaining Net Settlement Amount ("NSA") of approximately $248,166.67 will be distributed to all Class Members who do not opt-out of the Settlement. There were approximately 494 Class Members during the Class Period, and ***not*** including the $10,000 in civil penalties to be distributed to approximately 190 Aggrieved Employees, the average payment to participating Class Members is estimated to be approximately **$502.36.**

This proposed Settlement is well-within the range of possible approval in light of the significant legal and factual obstacles that Plaintiff faced, the risks and costs of further litigation, Defendant's financial condition, and the tangible monetary benefits to be received by the Settlement Class. For the

[1] The Settlement is attached to the Declaration of Scott M. Lidman as Exhibit 2. The proposed Class Notice is attached to the Settlement as Exhibit B.

reasons discussed herein, Plaintiff respectfully requests that the Court grant preliminary approval of the Settlement.

Further, Plaintiff will serve the instant Motion and proposed Settlement Agreement on the LWDA on the same date he files this Motion and will submit a proof of service showing the submission.

II. SUMMARY OF THE LITIGATION

A. THE PARTIES

Defendant is a corporation that operates primarily in the single-family housing construction business. Lidman Decl., ¶ 10. Plaintiff, a former non-exempt employee, was employed by Defendant from about December 2020 through approximately October 2021. Declaration of Alfredo Duran ("Duran Decl."), ¶ 2. He worked as an Electrician and was responsible for providing electrical work at residential and commercial buildings. *Id*.

B. BRIEF PROCEDURAL HISTORY

On March 8, 2023, Plaintiff filed the instant putative class action complaint. Lidman Decl., ¶ 10. On March 9, 2023, Plaintiff submitted a letter to the California Labor & Workforce Development Agency ("LWDA") and Defendant notifying them of his intention of filing a PAGA claim based on the Labor Code violations alleged in his complaint. *Id*., **Exhibit 1**. On June 13, 2023, Plaintiff filed a First Amended Class and Representative Action Complaint adding a single cause of action for civil penalties under the PAGA. Lidman Decl., ¶ 10.

III. DUNK/KULLAR ANALYSIS

Settlement is the preferred means of dispute resolution, particularly in complex class action litigation. *See In re Syncor ERISA Litig.* (9th Cir. 2008) 516 F.3d 1095, 1101. The Court's role in evaluating a proposed settlement is limited to ensuring that the agreement taken as a whole is fair. *See e.g.*, *Hanlon*, *supra*, 150 F.3d at 1027. There is an initial presumption of fairness where, as here, the Settlement agreement was negotiated at arm's-length by class counsel and with the assistance of a mediator. *See e.g. Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 130.

A. INVESTIGATION AND DISCOVERY

In advance of mediation, Defendant produced timekeeping and payroll data for the entire putative class, as well as its wage and hour policies and other relevant documents and information relevant to the claims alleged. Lidman Decl., ¶ 11. The timekeeping and payroll records enabled Plaintiff to create a class-wide exposure model for all the claims at issue, including unpaid wages, meal and rest period premiums, and penalties potentially owed for alleged unpaid minimum and overtime wages, and meal and rest period violations. *Id*.

After the detailed review of the data and documents produced by Defendant, Class Counsel drew on their extensive experience in similar cases to assess the strengths and weaknesses of Plaintiff's case. Lidman Decl., ¶ 11. This discovery allowed the parties to assess the merits and value of Plaintiff's claims and Defendant's defenses. *Id*.

B. ARMS-LENGTH NEGOTIATIONS

On July 8, 2025, a mediation was held with Kevin Barnes, Esq., an experienced and well-respected wage and hour class action mediator. Lidman Decl., ¶ 12. During mediation, the parties vigorously debated their opposing legal positions, the likelihood of certification of Plaintiff's claims, the legal basis for the claims and defenses, and Defendant's financial condition and ability to pay a class-wide settlement. *Id*. Ultimately, through a mediator's proposal, the parties agreed on a class-wide resolution. *Id*. In the weeks that followed, the parties finalized the terms of settlement and executed the Class Action and PAGA Settlement Agreement and Class Notice ("Settlement"). *Id*.

Class Counsel are not aware of any class, representative or other collective action that asserts claims similar to those asserted in this Action being settled. Lidman Decl., § 34.

C. THE EXPERIENCE AND VIEWS OF COUNSEL

"Parties represented by competent counsel are better positioned than courts to produce a settlement that fairly reflects each party's expected outcome in litigation." *In re Pacific Enterprises Securities Litigation* (9th Cir. 1995) 47 F.3d 373, 378. Here, Plaintiff is represented by competent, experienced counsel who possess extensive experience prosecuting and defending wage-and-hour class actions, and who have been appointed as class counsel in numerous cases alleging similar claims. *See* Lidman Decl., ¶¶ 2-8; Declaration of Milan Moore ("Moore Decl."), ¶¶ 2-5; Declaration of Tiara Gose-Hardy ("Gose-Hardy Decl.") ¶¶ 2-4; Declaration of Paul K. Haines ("Haines Decl."), ¶¶ 2-8. Class Counsel conducted an in-depth review of Defendant's policies and timekeeping and payroll records, and drew on their extensive experience in similar cases to assess the strengths and weaknesses of Plaintiff's case. *See* Lidman Decl., ¶¶ 11, 16-27. The Settlement was also reached with the assistance of a mediator. Lidman

Decl., ¶ 12. This factor strongly supports preliminary approval of the Settlement. *See Kullar*, *supra*, 168 Cal.App.4th at 130.

D. AMOUNT OFFERED IN SETTLEMENT GIVEN REALISTIC VALUE OF CLAIMS

The Settlement provides a fair and reasonable monetary recovery for the Settlement Class in the face of disputed claims. Plaintiff's analysis of the maximum and realistic expected recoveries for each of the theories of liability pled is set forth below:

<u>Defendant Failed to Pay for All Hours Worked</u>: Plaintiff alleges that he and the Class Members were not fully compensated for all of their time worked because Defendant required its non-exempt employees to work before and after their scheduled work hours. Lidman Decl., ¶ 16. Specifically, Defendant required its non-exempt employees to arrive at Defendant's shop to collect the materials for the assigned project and travel to the jobsite to arrive by 8:00 a.m., prepare materials prior to their scheduled work time, and clean after their scheduled work time, but only compensated them for scheduled work hours. *Id*. Further, Defendant rounded and/or shaved non-exempt employees' work time. *Id*. Accordingly, Plaintiff calculated a total wage underpayment for off-the clock work at approximately $272,560.54 ($30.33 avg. hourly rate x .5 hours unpaid time per week x 17,973 workweeks), and the total wage underpayment for rounding/paying to schedule at approximately $3,270,367.08 ($45.49 avg OT rate x 4 hours per week x 17,973 workweeks). *Id*.

Defendant contends that non-exempt employees were not permitted onto the worksite until their scheduled work time and the worksite shut down at the end of the scheduled work time. Lidman Decl., ¶ 17. Furthermore, Defendant argues its timekeeping practices were lawful, and any unpaid time was *de minimis* and therefore non-compensable. *Id*. Defendant further asserts that Plaintiff would be unable to certify an unpaid wages class given the individualized inquiries that would be required. *Id*. In light of these defenses, Plaintiff discounted the maximum exposure by 45% for the risk of non-certification, and an additional 45% to account for Defendant's defenses on the merits, to arrive at an estimated exposure of $1,071,735.61. *Id*.

<u>Defendant Failed to Provide All Legally Required Meal Periods</u>: Plaintiff alleges that he and the Class Members were not provided with all legally-compliant first meal periods beginning before the end

of the fifth hour of work. Lidman Decl., ¶ 18. Specifically, Plaintiff's meal periods began after the fifth hour of his scheduled work time, not the time he actually began performing work duties for Defendant. *Id.* Further, Plaintiff alleges that due to the work demands imposed by Defendant, his meal periods were often interrupted and or missed, all in violation of California law. *Id.* As such, Plaintiff calculated Defendant's maximum exposure for the meal period claim at $2,725,605.45 ($30.33 avg. hourly rate x 5 shifts per week x 17,973 workweeks). *Id.*

Defendant counters that it has always maintained a lawful meal period policy and provided non-exempt employees with an opportunity to take legally compliant meal periods, and any non-compliant meal periods reflected in employee timekeeping records were solely the result of employee choice, rather than any policy or practice of Defendant. Lidman Decl., ¶ 19. Defendant points out that under *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, it is only required to "provide" the opportunity to take meal periods, not "ensure" meal periods are taken, and that it has always done so. *Id.*; *Brinker, supra*, 53 Cal.4th at 1038 (rejecting "ensure" standard). Defendant further argues that Plaintiff's maximum exposure is based on a 100 % violation rate, which is unfounded and unfeasible. Lidman Decl., ¶ 19. Finally, Defendant contends Plaintiff's meal period claim is not suited for class certification given that individual inquiries would be required to assess which employees took non-compliant meal periods, how many meal periods were non-compliant or missed, and the reasons why a particular employee took a non-compliant meal period or missed a meal period during a particular shift. *Id.* Accordingly, Plaintiff discounted the maximum exposure by 60 % for the risk of non-certification, and an additional 40% to account for Defendant's defenses on the merits to arrive at an estimated exposure of $654,145.31. *Id.*

<u>Defendant Failed to Authorize and Permit All Rest Periods</u>: Plaintiff alleges that he and Class Members were also not authorized and permitted to take all required rest periods due to Defendant's rest period policies and practices. Lidman Decl., ¶ 20. Specifically, Plaintiff alleges that due to work demands and Defendant's practice of combining rest periods with meal periods, non-exempt employees were not authorized and permitted to take duty-free net 10-minute rest periods when they worked shifts in excess of 3.5 hours. *Id.* Plaintiff alleges that he and other non-exempt employees experienced at least one rest period violation on every shift worked in excess of 3.5 hours. *Id.* Thus, at a 100 percent violation rate for 89,865 shifts worked during the relevant time period, Plaintiff calculated Defendant's exposure at $2,725,605.45

(30.33 avg. hourly rate x 5 shifts per week x 17,973 workweeks). *Id*.

Defendant contends it has always maintained and enforced lawful rest period policies and practices, and that Class Members were authorized and permitted to take all off-duty rest periods in compliance with California law, particularly IWC Wage Order No. 16. Lidman Decl., ¶ 21. Defendant also argues that Plaintiff's rest period claim is inherently unsuited for class treatment as it requires an individualized inquiry into whether each Class Member was in fact authorized and permitted to take a compliant rest period, which would devolve into an unmanageable series of mini-trials. *Id*. Accordingly, Plaintiff discounted the maximum exposure by 65% for the risk of non-certification, and an additional 55% to account for Defendant's defenses on the merits to arrive at an estimated exposure of $429,282.86. *Id*.

<u>Defendant Failed to Reimburse Necessary Business Expenses</u>: Plaintiff alleges that Defendant required him and the other Settlement Class Members to use their personal cellular phone for business purposes. Lidman Decl., ¶ 22. Despite knowing that putative class members had incurred necessary business expenses, Defendant failed to reimburse putative class members in violation of Section 2802 and *Cochran*. *Id*.; See *Cochran v. Schwan's Home Service, Inc.* (2014) 228 Cal. App. 4th 1137, 1144. Plaintiff estimates employees should have been reimbursed approximately $25.00 per month, or about $6.25 per workweek, for reasonable cellular phone related expenses. *Id*. Therefore, Plaintiff calculated Defendant's maximum exposure at $112,331.25 (17,973 workweeks x $6.25 per workweek). *Id*.

Defendant asserts that, given the wide array of cellular phone plans, any expenses would be *de minimis*. Lidman Decl., ¶ 23. Accordingly, Plaintiff discounted the maximum exposure by 80% for the risk of non-certification, and an additional 45% to account for Defendant's defenses on the merits to arrive at an estimated exposure of approximately $12,356.44. *Id*.

<u>Defendant is Liable for Waiting Time Penalties</u>: Plaintiff alleges that Defendant is also liable for waiting time penalties under Labor Code section 203 as a result of its failure to timely pay all wages upon separation. Lidman Decl., ¶ 24. There are approximately 315 Class Members who have separated their employment with Defendant during the relevant time period who could be entitled to waiting time penalties. *Id*. Therefore, Plaintiff calculated Defendant's maximum exposure for waiting time penalties

at approximately $2,292,948.00 ($30.33 avg. hourly rate x 8 hours per day x 30 days x 315 former EEs). *Id*.

Defendant asserts it has strong defenses to the waiting time claim because there exist good-faith disputes as to Plaintiff's underlying claims, precluding imposition of penalties. Lidman Decl., ¶ 25; *See also* 8 Cal. Code Regs. § 13520 (a "good faith dispute that any wages are due will preclude imposition of waiting time penalties"); *Kao v. Joy Holiday*, 12 Cal.App.5th 947, 963 (2017) (holding that "good faith dispute" over whether employee was exempt precluded imposition of waiting time penalties over contested wages owed). Accordingly, Plaintiff discounted the maximum exposure by 25% for the risk of non-certification, and an additional 65% to account for Defendant's defenses on the merits, to arrive at an estimated exposure of $601,898.85. Lidman Decl., ¶ 25.

<u>Defendant is Liable for PAGA Civil Penalties</u>: Plaintiff also seeks civil penalties under the PAGA as a result of the foregoing alleged Labor Code violations. Lidman Decl., ¶ 26. Plaintiff calculated Defendant's maximum exposure at $10,560,500.00. *Id*.; *see Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1207 (finding "initial" violation rate applies until employer is notified that it is violating a Labor Code provision).

Defendant argues that Plaintiff's PAGA claim will fail for the same reasons that his underlying claims will fail. Lidman Decl., ¶ 27; *see Price v. Starbucks Corp*. (2011) 192 Cal.App.4th 1136, 1147 ("Because the underlying causes of action fail, the derivative UCL and PAGA claims also fail."). Defendant also maintains that Plaintiff was not an employee during the PAGA Period and therefore has no standing to bring a claim for PAGA penalties. *Id*. Defendant contends that given its good faith defenses, should the Court find Plaintiff has standing to pursue a PAGA claim, this Court would exercise its discretion to substantially reduce any PAGA penalties if it were to find Defendant liable for any of Plaintiff's claims. Lidman Decl., ¶ 27; *See* Lab. Code § 2699(e)(2); *Thurman v. Bayshore Transit Mgmt., Inc*. (2012) 203 Cal.App.4th 1112, 1135 (affirming reduction of PAGA penalties); *Fleming v. Covidien Inc*. (C.D. Cal. 2011) Case No. ED CV10-01487 RGK (OPx), 2011 WL 7563047, at *4 (reducing PAGA penalties from $2.8 million to $500,000). Therefore, Plaintiff discounted the maximum exposure figure by 90% for a risk of being unsuccessful on the merits, and an additional 40% to account for the possibility of this Court reducing penalties, to arrive at an estimated exposure of $633,630.00. Lidman Decl., ¶ 27.

E. THE SETTLEMENT IS WITHIN THE RANGE OF POSSIBLE APPROVAL

Using these estimated figures for each of the claims described above, Plaintiff predicted the realistic total recovery for the Settlement Class would be approximately $3,403,049.06. Lidman Decl., ¶ 28. The proposed settlement of $499,000.00 therefore represents approximately 14.6 % of the reasonably forecasted recovery for the Class. *Id*. Taking into account Defendant's financial condition and ability to pay a settlement, preliminary approval is appropriate as the settlement will provide tangible monetary relief to Class Members and will still provide an average recovery to Class Members of ***over $500.*** *Id*.

The proposed settlement reflects approximately 14.6% of the estimated recovery the Settlement Class could reasonably expect in light of the significant litigation risks and Defendant's financial condition, and will provide tangible monetary compensation for hotly disputed claims. Indeed, the percentage of the liability exposure recovered in this case is only slightly lower than the percentages routinely approved by courts. *See, e.g., Dunleavy v. Nadler* (9th Cir. 2000) 213 F.3d 454, 459 (approving settlement representing about one-sixth of potential recovery); *Nat'l Rural Telecomm. Coop. v. DirecTV, Inc.* (C.D. Cal. 2004) 221 F.R.D. 523, 527. Thus, Plaintiff submits that the proposed settlement is within the range of approval, such that notice should be provided to the Settlement Class so that they can consider the Settlement. The Court will have the opportunity to again assess the reasonableness of the Settlement after the time to opt-out or object has expired.

F. RISK, EXPENSES, COMPLEXITY, AND DURATION OF FURTHER LITIGATION, AND RISK OF MARINATING CLASS ACTION STATUS

Although the parties engaged in informal discovery throughout this action, the parties still had significant discovery to complete in formal litigation had the matter not settled. Lidman Decl., ¶ 32. Moreover, Plaintiff still had to file for class certification and faced the prospect of appeals in the wake of a disputed class certification ruling for Plaintiff and/or an adverse summary judgment ruling. *Id*. Even if the classes were certified, the parties would incur considerably more attorneys' fees and costs through a possible decertification motion, trial, and possible appeal. *Id*. This Settlement avoids those risks and the accompanying expense. Thus, this factor supports preliminary approval.

IV. CLASS CERTIFICATION FOR SETTLEMENT PURPOSES

California Rule of Court 3.769 conditions settlement of a class action on court approval, which is generally evaluated under the federal standards applicable under Rule 23 of the Federal Rules of Civil Procedure. *See Reed v. United Teachers Los Angeles* (2012) 208 Cal.App.4th 322.

As further explained below, the Settlement Class satisfies the criteria for certification of a settlement class under California law because: (1) the Settlement Class is so numerous that joinder would be impractical; (2) common questions of law/fact predominate over individual questions such that class certification is the most efficient way to maintain this litigation; (3) Plaintiff's claims are typical of the claims of absent Settlement Class Members; and (4) Plaintiff and his counsel will fairly and adequately represent Settlement Class Members' interest. *See* Cal. Civ. Proc. § 382.

A. NUMEROSITY IS SATISFIED.

Here, the proposed Class consists of at least 494 members and is therefore sufficiently numerous as to make joinder impracticable. *See* Lidman Decl., ¶ 14; *See, e.g., Bowles v. Sup. Ct.* (1955) 44 Cal.2d 574 (holding a class representing 10 beneficiaries of a trust sufficiently numerous). Thus, numerosity is satisfied.

Further, the class is "ascertainable" because it is defined as "all current and former non-exempt employees who were employed by Defendant in California during the Class Period" and such members can be identified from Defendant's personnel/business records. Lidman Decl., ¶ 14.

B. COMMONALITY IS SATISFIED.

The focus in a certification dispute is not the merits, but rather on what types of questions, "common or individual," are likely to arise in the action. *See Sav-On Drug Store, Inc. v. Superior Court (Rocher)* (2004) 34 Cal.4th 319, 327.

Here, Plaintiff alleges Class Members' claims arise from Defendant's common, uniform policies and practices that applied to Class Members during the class period. Lidman Decl., ¶ 15. Specifically, Plaintiff alleged that Defendant's common and uniform policies and practices resulted in the following violations: (1) failure to pay all overtime wages owed; (2) failure to pay all minimum wages owed; (3) failure to provide meal periods; (4) failure to authorize and permit all rest periods; (5) failure to indemnify all necessary business expenditures; (6) failure to pay all wages owed upon termination; (7) unfair competition; and (8) liability for civil penalties under the PAGA. *Id*. As a result of the common and uniform policies and practices that applied to all Class Members, their claims involve common questions of law and fact as to whether in fact Defendant committed these alleged violations. *Id*.

These alleged practices result in common questions as to the affected Class Members. *See e.g.*, *Benton v. Telecom Network Specialists, Inc.* (2013) 220 Cal.App.4th 701, 726.

C. TYPICALITY IS SATISFIED.

The typicality requirement is satisfied where class representatives have claims that are typical of those of the rest of the class. *B.W.I. Custom Kitchen v. Owens-Illinois, Inc.* (1987) 191 Cal.App.3d 1341, 1347. Here, Plaintiff's claims are typical of those held by the members of the proposed Class. Plaintiff was employed by Defendant during the Class Period as a non-exempt employee and was subject to Defendant's wage and hour policies at issue in this case. *See* Duran Decl., ¶ 2. Further, Plaintiff was allegedly injured by the same challenged policies that allegedly injured the Class as a whole. Duran Decl., ¶¶ 2-5. Given that Defendant's policies and practices applied to all non-exempt employees, Class Members possess a similar interest and have suffered similar alleged injuries as Plaintiff. Accordingly, typicality is satisfied.

D. ADEQUACY IS SATISFIED.

The adequacy requirement examines conflicts of interest between named parties and the class(es) they seek to represent. *Capital People First v. State Dept. of Developmental Services* 155 (2007) Cal.App.4th 676, 697. Here, there are no apparent conflicts of interest between Plaintiff and the Class he seeks to represent. Duran Decl., ¶ 11. Indeed, Plaintiff's interests are aligned with those of the Class Members, as they all seek monetary relief under the same facts and legal theories. Additionally, Class Counsel does not have any conflict of interest with the Class. Lidman Decl., ¶ 33; *See McGhee v. Bank of America* (1976) 60 Cal.App.3d 442, 450-51.

Further, Class Counsel have extensive experience in wage and hour class action litigation and have vigorously litigated this case. *See* Lidman Decl., ¶¶ 2-8; Moore Decl., ¶¶ 2-5; Gose-Hardy Decl. ¶¶ 2-4; Haines Decl., ¶¶ 2-8.

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V. SETTLEMENT AGREEMENT

A. THE BASICS

1. Class Definition and Release Period

The proposed Settlement Class is defined as "all current and former non-exempt employees who were employed by Defendant in California during the Class Period." Settlement, ¶ 1.5. For purposes of this Settlement Agreement, the "Class Period" means the period from March 8, 2019 to September 6, 2025. Settlement, ¶ 1.12.

2. Aggrieved Employees and PAGA Period

The proposed Aggrieved Employees are defined as "all current and former non-exempt employees who were employed by Defendant in California during the PAGA Period." Settlement, ¶ 1.4. For purposes of this Settlement Agreement, the "PAGA Period" means the period from March 8, 2022 to September 6, 2025. Settlement, ¶ 1.31.

B. RELEASE OF CLAIMS

1. Scope of Participating Class Members' Release

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Defendant Scott Construction Specialties, Inc. and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, subsidiaries, or affiliates ("Released Parties") from all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and ascertained in regard to the following alleged allegations: (1) failure to pay all overtime wages owed; (2) failure to pay all minimum wages owed; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to reimburse necessary business expenditures; (6) failure to pay all wages owed upon termination; and (7) unfair competition, and the relevant Wage Orders issued by the Industrial Welfare Commission, and any and all related claims for attorneys' fees and costs. Settlement, ¶ 5.2.

2. Scope of Aggrieved Employees' Release

All Aggrieved Employees and Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for

PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including but not limited to facts alleged or ascertained in regard to the following alleged violations: (1) failure to pay all overtime wages owed; (2) failure to pay all minimum wages owed; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to reimburse necessary business expenditures; (6) failure to pay all wages owed upon termination; and (7) unfair business competition, and the relevant Wage Orders issued by the Industrial Welfare Commission, and any and all related claims for attorneys' fees and costs. Settlement, ¶ 5.3.

3. Releases Effective Date

The releases described above are effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments. Settlement, ¶ 5.

C. MONETARY TERMS OF SETTLEMENT

1. Gross Settlement Amount and Timing of Payment

If the Court approves this Settlement, Defendant will pay a Gross Settlement Amount ("GSA") of $499,000.00.[2] Lidman Decl., ¶¶ 13, Exh. 2 (Settlement, ¶ 3.1). Significantly, this Settlement is **non-reversionary**, and no Settlement Class member will have to submit a claim form to receive a Settlement Award. *Id*. Each Settlement Class member will automatically receive a Settlement Award unless he or she affirmatively opts out of the Settlement. *Id*.

Defendant shall fully fund the Gross Settlement Amount and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date. Settlement, ¶ 4.3. The Effective Date is the date by when both of the following have occurred: (a) the Court enters Judgment on its Order Granting Final Approval of the Settlement; (b) the Judgment is final. Settlement, ¶ 1.18. The Judgment is final as of the latest of the

[2] Based on its records, Defendant estimates that as of the date of mediation (July, 8, 2025) there were approximately 494 Class Members who worked approximately 19,200 Workweeks from March 8, 2019 through July 8, 2025. If the number of workweeks during the Class Period increases by more than 10% above 19,200 (*i.e*., if there are 19,801 or more workweeks during the Class Period), Defendant agrees to either (1) increase the Gross Settlement Amount on a proportional basis equal to the percentage increase in the number of workweeks worked (*i.e*., if there was a 11% increase in the number workweeks during the Class Period, Defendant would agree to increase the Gross Settlement Amount by 1%), or (2) elect to shorten the Class Period, PAGA Period, and release periods to end on the date on which the aggregate workweeks does not exceed an additional 10 percent (21,120). Settlement, ¶ 8.

following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur. *Id*.

2. Deductions from Gross Settlement Amount

The monetary terms of the Settlement are summarized below:

Gross Settlement Amount ("GSA"):	**$499,000.00**
Minus Court-approved attorneys' fees (update to 1/3 of GSA):	$166,333.33
Minus Court-approved, verified costs (up to $25,000.00):	$25,000.00
Minus Court-approved Class Representative Service Award:	$10,000.00
Minus Settlement Administration Costs:	$9,500.00
Minus PAGA Penalties:	$40,000.00
Net Settlement Amount ("NSA"):	**$248,166.67**
Settlement Class Members:	494
Average Individual Payment:	**$502.36**

After deducting amounts for the Court-approved attorneys' fees and verified costs, Class Representative Service Payment to Plaintiff, Settlement Administrator costs, and the PAGA Penalties, the Settlement results in a Net Settlement Amount ("NSA") of at least $248,166.67 to be paid out to all Settlement Class Members who do not timely opt out. Lidman Decl*.*, ¶ 13; Settlement, ¶ 4.4.

Therefore, this calculation of $248,166.67/494 = $502.36, assumes the Court approves the requested attorneys' fees, maximum attorneys' costs, enhancement award, settlement administration costs, and PAGA Penalties. Lidman Decl*.*, ¶¶ 13-14. This calculation also assumes that all 494 putative class members participate in the settlement and do not submit timely requests for exclusions. *Id*.

3. Class Representative Service Payment

Incentive awards are typical in class action cases and are intended to compensate class representatives for work done on behalf of the class and to make up for reputational risk undertaken in bringing the action." *In re Cellphone Fee Termination Cases* (2010) 186 Cal.App.4th 1380, 1393-94.

Plaintiff will apply for a service payment at the time of seeking final approval in the amount of $10,000.00. Lidman Decl., ¶ 31; Settlement, ¶ 3.2.1. As will be fully briefed at the time of final approval, Plaintiff's requested service award is intended to recognize the time and effort Plaintiff expended on behalf of the Settlement Class, including providing substantial factual information and documents to Class Counsel, attending multiple meetings with Class Counsel to discuss the claims and theories at issue in the litigation, as well as the significant risks Plaintiff undertook by agreeing to serve as the named plaintiff in this case, and the fact that Plaintiff has agreed to a general release of all claims subject to a waiver of Civil Code § 1542. *See* Lidman Decl., ¶31; Duran Decl., ¶¶ 2-11; Settlement ¶ 3.2.1.

The Class Representative Service Payment awarded by the Court shall be paid by the Settlement Administrator to Plaintiff from the Gross Settlement Amount within 14 days after Defendant fully funds the Gross Settlement Amount. Settlement, ¶ 4.4.

4. <u>Attorneys' Fees and Costs</u>

California courts recognize an appropriate method for awarding attorneys' fees in class actions is to award a percentage of the "common fund" created as a result of a settlement. *See e.g., Laffitte v. Robert Half Int'l, Inc.* (2016) 1 Cal.5th 480, 506. Class Counsel's request for fees of one-third of the GSA is well within the range of reasonableness, and indeed is considered the typical rate for common fund settlements.

Here, Class Counsel will apply for an attorneys' fees award of one-third of the GSA, which is currently estimated to be $166,333.33, and up to $25,000.00 in verified costs reimbursement. *See* Settlement, ¶ 3.2.2.; Lidman Decl., ¶ 29. Plaintiff submits the requested fee is fair compensation for undertaking complex, risky, expensive, and time-consuming litigation on a purely contingent fee basis. Lidman Decl., ¶ 29. Further, Plaintiff has provided written approval of the split of attorneys' fees in this action. Lidman Decl., ¶ 30. Class Counsel has incurred substantial attorney fees conducting pre-filing investigation, analyzing Plaintiff's claims, conducting legal research, analyzing timekeeping data and payroll records, drafting a mediation brief, preparing for and attending mediation, negotiating and revising the long-form Settlement, preparing this Motion, and otherwise litigating the case. Lidman Decl., ¶ 29. Class Counsel expect to expend additional attorney time in attending the hearing on this Motion, overseeing the Notice process and fielding questions from Class Members, preparing the final approval papers and attending the Final Approval hearing. *Id*.

Should the Court grant preliminary approval, Class Counsel will seek an award of attorneys' fees and verified litigation costs at the time of seeking final approval of the Settlement, which will include a lodestar analysis. Class Counsel's fees and costs awarded by the Court shall be paid by the Settlement Administrator to Class Counsel from the Gross Settlement Amount 14 days after Defendant fully funds the Gross Settlement Amount. Settlement, ¶ 4.4.

5. Payroll Taxes

The Settlement provides that Defendant's payroll taxes shall be paid separately from, and in addition to, and the Class Settlement Amount. Settlement ¶ 3.1. The employer-side taxes shall be deposited with the Settlement Administrator no later than 14 days after the Effective Date. Settlement ¶ 4.3.

6. Payment Formula

There were approximately 494 total Class Members as of the date of mediation. Lidman Decl., ¶ 14. An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks. Settlement, ¶ 3.2.4. Thus, the average Individual Class Payment is **$502.36**. Lidman Decl., ¶ 14.

Additionally, there were approximately 190 Aggrieved Employees. Lidman Decl., ¶ 14. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($10,000.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Settlement, ¶ 3.2.5.1. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. *Id.* Thus, the average Individual PAGA Payment is projected to be approximately **$52.63**. Lidman Decl., ¶ 14.

7. Tax Allocation

Thirty-Three Percent (33%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). Settlement, ¶ 3.2.4.1. The Wage Portion is subject to tax withholding and will be reported on an IRS W-2 Form. *Id.* Sixty-Seven Percent (67%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). *Id*. The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. *Id.*

8. PAGA Penalty

The parties have agreed to a PAGA Penalties award of $40,000.00 and in accordance with California Labor Code section 2699(i), the LWDA will receive 75 % of the amount attributable to PAGA penalties – or $30,000.00. Settlement ¶ 3.2.5. This $40,000.00 represents roughly 8 % of the $499,000.00 Gross Settlement Amount and is above the typical zero to two percent range for PAGA claims approved by Courts. *See, e.g., In re M.L. Stern Overtime Litig*., No. CV 07-0118 BTM (JMAx), 2009 WL 995864, at *1 (S.D. Cal. Apr. 13, 2009) (approving PAGA settlement of 2 percent, or $20,000); *Nordstrom Comm'n Cases*, 186 Cal. App. 4th 576, 589 (2010) (approving settlement of wage and hour class action claims and PAGA claims under which no money was allocated to the PAGA claims).

VI. NOTICE ADMINISTRATION

A. SETTLEMENT ADMINISTRATOR

Phoenix Settlement Administrators ("Phoenix") costs are estimated not to exceed $9,500.00. *See* Declaration of Jodey Lawrence in support of Plaintiff's Motion for Preliminary Approval filed concurrently herewith ("Lawrence Decl."). This request is reasonable in light of the proposed class size of approximately 494 Settlement Class Members, and the costs and expenses associated with administering the notices and distributing the awards.

Phoenix has extensive experience administering class action matters. Lawrence Decl., ¶¶ 5-7. Phoenix has administered complex wage and hour, labor and employment, consumer/ product liability, TCPA, FLSA, FACTA, ERISA, and PAGA class action matters though final approval and distribution. *Id*. Phoenix has developed a system of quality assurance measures to ensure the highest quality service is provided in our cases and to class members. Lawrence Decl., ¶ 5.

B. CLASS LIST FROM DEFENDANT

No later than 20 calendar days after entry of an order preliminarily approving the Settlement, Defendant will deliver the Class Data to the Administrator in the form of a Microsoft Excel spreadsheet. Settlement, ¶ 4.2.

To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Settlement, ¶ 4.2.

C. CLASS LIST UPDATED PRIOR TO INITIAL MAILING AND MAILING

Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database. Settlement, ¶ 7.4.2. Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice. *Id*.

D. NOTICE COMPLIES WITH CAL. RULES OF COURT, RULE 3.766(D)

The content of the proposed Class Notice satisfies California Rule of Court 3.766(d) because it advises Class Members of the nature of the claims, basic contentions and denials of the parties, and the key terms of the Settlement, the 60-day deadline to opt-out or object to the Settlement and the procedures by which to do so, explains the recovery formula and expected recovery amount for each Class Member, provides them the opportunity to contest their total workweeks included in the notice, and advises them that they will be bound by the terms of the Settlement if they do not opt-out. *See* Settlement, Exh. B. The proposed Class Notice will also notify Class Members of the final approval hearing date and provides Class Members the contact information for Class Counsel, and advises Class Members that they may enter an appearance through counsel if they wish to. This manner of giving notice satisfies California Rule of Court 3.766(e) as the most reliable and cost-effective method of reaching Settlement Class Members.

E. PROCESSING OF PAYMENTS

Within 14 days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Settlement, ¶ 4.4. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments. *Id*.

Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database. Settlement, ¶ 4.4.1.

F. UNDELIVERABLE SETTLEMENT NOTICES

Not later than three business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. Settlement, ¶ 7.4.3. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. *Id*. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time. *Id*.

The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). Settlement, ¶ 4.4.1. The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). *Id*.

VII. <u>RESPONSES TO SETTLEMENT NOTICE</u>

A. REQUESTS FOR EXCLUSION

Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, e-mail, or mail, a signed written Request for Exclusion not later than 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). Settlement, ¶ 7.5.1. A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and e-mail address or telephone number. *Id*. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline. *Id*.

B. RE-MAILED NOTICES

The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 60 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. Settlement, ¶ 7.4.5. The

Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice. *Id*.

C. OBJECTION PROCEDURES

Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Class Representative Service Payment. Settlement, ¶ 7.7.1.

Participating Class Members may send written objections to the Administrator, by fax, e-mail, or mail. Settlement, ¶ 7.7.2. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. *Id*. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed). *Id*.

VIII. <u>DISTRIBUTION OF UNCASHED FUNDS</u>

The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. Settlement ¶ 4.4.1. The Administrator will cancel all checks not cashed by the void date. *Id*.

For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b). Settlement ¶ 4.4.3.

IX. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests that the Court preliminarily approve the proposed Settlement, provisionally certify the Settlement Class, and enter the Proposed Order Granting Preliminary Approval of Class Action Settlement submitted concurrently herewith.

Dated: October 29, 2025

Respectfully submitted,
LIDMAN LAW, APC

By: ____________________________
Scott M. Lidman

Attorneys for Plaintiff
ALFREDO DURAN